HOW TO RUN A STORE

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TO

J. C. PENNEY

A MASTER RETAIL MERCHANT

A BUILDER OF MEN

INTRODUCTION

The importance of retail store management is obvious. The need for a working practical knowledge of the principles and practices of retail merchandising is likewise obvious. When we see so few retail store proprietors making more than a bare living from their investment, in a store, of capital and effort, we realize that it is time to give intensive common sense study to the problems of retailing.

The mortality among retail stores is disturbing to say the least. And when we realize that two thirds of the misfortunes are attributed to incompetency and ignorance of the retail business principles, we appreciate the need for a stimulation of constructive thought and, indeed, often of energy.

There are several excellent books on retailing already on the market. This book is not offered as "something better" but as "something different" and something more directly applicable to the small store needs.

Present works on retailing confine themselves to a large extent to the organization and management of department stores or large retail establishments, to the training of the retail salesman, and the development of the personal equation.

Stores to a great extent are owned by men who themselves do a little of everything. They do much

of their own buying. They trim their own windows, help on the books, receive and mark goods—in fact, take active part in all phases of the business. They are "up front" where their customers and fellow townspeople see and talk with them. They have from two to a dozen or so salespeople perhaps but nevertheless they impress their personality on every angle of the work.

This greatest of all classes of retail merchant is the one which can profit most by this book. It is written specially for its needs. It does not confine itself to one line of merchandise but is planned to help the "small retail merchant" whatever class of goods he sells.

The author has endeavored to keep the contents emphatically practical. Several years experience in small retail stores has given him a background of experience to draw from. Several years teaching retail store management in The College of Business Administration of Boston University has helped him to present the principles of retail store management from the angle of the merchant.

Much that could be said has been omitted. The author has avoided the "text book" form of presentation, believing that this subject can be presented in narrative form with more interest to the reader. "Let us get all the joy and happiness out of our learning as well as out of our earning." This is the thought which has dictated the form in which this book appears.

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CHAPTER 1

THE SMALL STORE PROPRIETOR

The young man was nervously twiddling his fingers as he looked at the big man who he hoped would become his father-in-law.

"Tell me," the big man asked, "what do you do for a living?"

The young man gulped and replied, "I keep a store."

"Do you now?" The other smiled as he spoke. "That's interesting—but tell me, does the store keep you?"

And that is the question which thousands of small retail merchants should ask themselves. They keep stores—but do the stores keep them.

Rule of thumb has applied—is applied—too much to the business of retail store management. A man or woman saves a few hundred or thousand dollars and decides to "run a store." To the outsider, running a store seems easy. You just rent a store; go to a jobber and buy some goods; and open up—and there you are. Everything over but the shouting! No more worry or trouble. All you have to do is to wait behind the counter for the customers from whom you make a living.

But the trouble is that the customers are not lined up in a queue on the opening morning. The embryo retail merchant waits for customers hour after hour—and finally a woman enters who wants to know where Cross Street is.

Then a little girl wants a two cent stamp. Finally, a real customer enters and asks for something which is not in stock! She departs grumbling and the merchant spoils the first page of a perfectly good "goods wanted" book.

During the day, someone "returns" something she claims she bought last week. The worried store keeper explains that he opened only that morning. Whereupon she looks suspiciously at him and says, "It's funny. I feel quite *sure* I came here. Anyhow, can't you take it back!"

"Certainly not!" The proprietor feels aggrieved, so the customer bounces out of the store with, "I don't see how you can expect to do business when you won't oblige your customers."

Then a stylishly dressed woman enters and orders a few things. The proprietor's heart warms up. "Ah! *now* things are starting." He mentally totals the profit (incorrectly) on the transaction. He prepares to tie up the bundle when—"Send them to 1397 Offit Street, and charge it to my husband."

He had planned to do a cash business—and had made no arrangements for delivery. *But* this is a real customer and—he needs the business, so he promises to do his best to get the goods there that day.

During his first month, he has a good trade with "charge" customers, customers, who, he later learns, are the regular ring of "dead beats" who flock to every new store.

He has *some* encouragement during his opening week. Several traveling salesmen assure him that he's bound to succeed. Just such a store as his has been needed there for a long time. The same salesmen also prove to him that the goods which they have are *the* ones which are peculiarly suited to the trade of that community.

And so it goes.

Bad debts pile up, unsalable merchandise accumulates and the merchant slips behind in payments. He first loses discounts; then gets extensions; and finally—some other equally ill prepared but enthusiastic person takes over the wreck and the performance is repeated.

The number of people who put the savings of years into small retail stores, and who finally quit after losing all their money is appalling.

Of course, it is not suggested that everyone who opens a store is ignorant of elementary business rules. Look around your own community and you will see plenty of merchants who are prospering in a most gratifying manner. Quite a few people with no experience, but with common sense and a willingness to learn, make good. Nevertheless, when we realize that except for the few well established stores, the ownership of all the stores in a community changes hands every twenty to twenty five years, we realize that something is radically wrong.

It has been estimated that of every hundred stores which are opened, thirty of them close within two years. Of the seventy which are left, one half go to the wall during the next three years.

Five years more, and only twenty-five of the hundred stores are left. Think of it, only ten years required to reduce one hundred stores to twenty-five so far as original ownership is concerned.

These are not exact figures, but they indicate conclusively that something is wrong with the methods of our retail merchants.

The reports of Dun and Bradstreet show that the principal reason for non-success is *incompetence.* That incompetence embraces lack of capital, inexperience, and unwise credits. This trio of disasters, to which should be added igorance of salesmanship accounts for more than 60% of all failures. This means that an understanding of the principles of retail store management would reduce by 60% the present serious mortality in retail stores.

Manufacturing has received serious attention during the past few years. Production efficiency (I apologize for dragging that poor decrepit word "efficiency" from its lair) has increased apace, but retail distribution efficiency is still undeveloped.

We can cheer up, though, for retail store management is now receiving the same kind of constructive consideration which improved production methods so marvelously. And surely it deserved it, for the retail trade of the country is by far the largest industry we have.

More property is controlled by retail stores than any other kind of business in the country. There is more money invested in retail stores than in all the banks of the country combined. The sales of retail stores exceed that of the steel industry. More taxes are paid by retail merchants than by any other class of people. More people are employed in retail stores than in any other trade—and you can put the plus sign on anything you like in regard to retail trade.

It pays you to consider the ways and means of improving the greatest commercial activity in the country, doesn't it?

Retailing is done in several ways. The department store, the chain store, and the mail order house are all retail systems. These are well planned and conducted. The result of such planning and conducting is seen in the almost uniform success of such establishments.

The small individually owned store—the specialty store—is the one which lacks proper organization and management. This is the type of store for which this book is written.

The big department stores, the chain stores, and the mail order houses have the funds to hire the best merchandising brains of the country—the size of their establishments makes it possible to pay big salaries. But, what of the small specialty store which has to compete with these highly organized competitors? They have to do the best that their limited resources allow.

It would seem that the small store proprietor is playing a losing game until one considers that the knowledge possessed by the skilled merchandisers is his if he wishes to acquire it.

With this knowledge put to work, the small retail store proprietor has advantages (as will be shown in the second chapter) which enable him to compete very successfully with his larger but more handicapped competitors.

CHAPTER II

THE DISTRIBUTION SYSTEM

When the manufacturer of locks has made his locks, he has fulfilled his principal function. Yet those locks must be transferred from the factory to the barn doors and other kinds of doors of the country.

When you want a lock, you go to a retail hardware store for it. You pay not merely for the lock, but for the hardware man's trouble in getting that lock for you and carrying it in stock until you decide to buy it.

The retail hardware merchant is part of the distribution system which links up the producer with the consumer.

The hardware man might buy that lock with a few more from the maker of the locks. If he happens to be a hardware man with a small store, he would buy his locks from a wholesaler because he could not buy enough of them to justify the manufacturer in making a direct shipment.

The wholesaler acts as a connecting link between the retailer and the manufacturer. His function is to supply the retailer with small quantities of a large variety of merchandise.

And there, very simply and briefly, you have distribution system. There are other links in the chain,

the commission agent and the broker, but as the retail merchant has little contact with them, we will ignore them.

Every time a lock goes through a distributor's hand, the price goes up—for the distributor is not in business for his health alone. This fact is the reason for the clamor to "eliminate the jobber."

"Eliminate the jobber!"—doesn't it sound grand and glorious? Like a crowd of Romans all "thumbs down." The howl for the blood of the wholesaler has been worth while, for it has caused wholesalers as a class to improve their methods and morals. They really try to serve the retailer not merely with goods, but with sales and marketing helps.

"Eliminate the jobber" and you eliminate the small retail merchant. "Eliminate the jobber" and you make it extremely difficult for Mrs. Crossroads to buy a pound of butter. The life of the small retailer depends on his being able to get small quantities of a large variety of goods and he can do this only by trading with the wholesalers.

True, he may buy many lines direct from the manufacturer but for every such line, there are a dozen other lines which he must get from the wholesaler.

You observe that the name "wholesaler" is given preference to the more commonly used "jobber." The reason is that the wholesaler is no longer a jobber.

The jobber was a man who dealt in "jobs." He would buy out the odd lots of mills and factories and sell to the retailer. Any quantity of "jobs"

could be readily disposed of to the jobber who had developed outlets for goods and who had an organization which could readily dispose of any jobs he bought. The manufacturer with goods to dispose of could make more profit by selling to a jobber than by trying to sell in small lots to a class of trade with which he was unfamiliar.

The modern wholesaler is much more than is implied by the name jobber. The wholesaler carries complete lines of regular staple merchandise as well as the usual range of novelties and new articles which are always being produced. He frequently owns or controls the factories producing the more important lines he sells.

Don't try to "eliminate the jobber." To do so would be just like having the water cut off because a faucet needs a new washer.

The ideal method of distribution would be direct from the producer to the consumer. It is perfect in all particulars but one—it couldn't work! Imagine having to send direct to Florida for half a dozen grape fruit. Think of sending to Troy for a couple of collars, or to Lynn to have your old shoes resoled.

That is what "direct from producer to consumer" means!

Some manufacturers claim to do this very thing —and then they open stores to distribute their merchandise! They add the retail store with its legitimate expenses to the chain of distribution. The only difference between a manufacturer's store and an independent store is, that the manufacturer owns the store instead of an independent trader.

Some manufacturers do sell direct to consumers. Typewriters and mechanical office equipment, for example, are usually sold in this way. But the consumer has to pay the distribution expense. There is little dollars and cents difference between paying a salesman a commission in addition to the expenses of an elaborate sales department and selling to a retail store which acts as the distributing agent. Indeed, the retail store expenses are less than the selling expenses of such "direct to consumer" methods.

Why do manufacturers of such specialties go to the expense and trouble of operating an expensive sales organization of their own when the average operating expense of a retail store is smaller?

Because the manufacturers found it almost impossible to get retail merchants who could or would study the technical points of such specialties and then, after having trained thoroughly their sales force, send out salesmen to get the business.

The retail merchants were willing to put one or two typewriters, adding machines, or cash registers in stock, but there they stopped. They could not conceive it as a part of their job *to go out after business.* If anyone came to their store and asked for a typewriter, they would have been glad to sell it to him.

Specialties, especially those of a new, unusual or technical nature, have to be *sold.* Who ever heard of anyone going to a store and asking for a—let us say—check protector!

The retail trade has lost many, many valuable

assets because it lacked the vision to see sales possibilities in specialties and because it lacked the aggressiveness and audacity *to go after the business.*

Typewriters, and office equipment generally, belong to the stationery store and the furniture store. Automobiles belong to the hardware store. Even now, many hardware stores carry no automobile accessories. There is an enormous business done by mail in business books by publishers who could not get the aggressive coöperation of the book stores. And so it goes.

Think of the additional business many retailers could have had—and can get now in some lines if they wish—merely by having outside salesmen as well as inside ones.

There is no extra expense beyond salesmen's salaries or commissions, advertising, and a small amount of overhead. Little capital need be tied up in the specialty for which they secure the agency. No more rent, insurance, heat and light and so forth are needed. The outside salesmen, besides selling the public the specialty they are pushing, are familiarizing people with the merchant and his general business.

Sometimes, the maker sells direct by mail and urges the public to save the middleman's profit. But, the maker has a sales department to maintain and instead of salesmen uses advertising.

Both salesmen and advertising are *investments* that show a handsome profit if used rightly, but both

require about the same amount of money to keep it coming.

The maker who sells direct by mail to the consumer usually has but a few articles to offer. These are generally of a specialty nature. His selling expenses are much larger than they would be if he sold to the wholesaler or retailer and of course the consumer pays the bill.

The consumer pays not merely for the article itself, but for the *service* which makes it possible for him to buy what he wants quickly and easily.

For all of us to buy everything direct would mean long delays in getting goods and the inconvenience and bother of keeping track of the cheese maker, and the mouse trap manufacturer, etc. The retail merchant offers the services of promptness and accessibility and the consumer gladly pays for these services because he knows it would cost him more money in time and trouble to buy direct than he is asked to pay by the retailer.

There must be direct contact with the consumer. The manufacturers cannot possibly make it except in certain cases. The retail store is the only possible way of keeping in contact with the public and is the one indispensable link in the distribution chain.

The retail store is the most important channel of distribution and the small specialty store is the most important one both in numbers, investment and power.

CHAPTER III

THE POWER OF THE SMALL SPECIALTY STORE

The Chain Store Competition:

John Witham had made a moderate success of his drug store in the town of Dashville. There were nine or ten other drug stores in the town, but none of them offered Witham any undue competition.

In fact, each druggist of Dashville had accepted the "rights" of the others to their share of the town's trade. This amiable but energy-killing state of affairs had jogged along for several years when a bombshell disturbed the placid easy-going druggists.

Especially did it worry John Witham when he discovered that "the chain store people" were going to open a drug store almost opposite him.

He watched with misgiving the putting in of the modern front. He felt heartsick when he saw the aggressiveness with which the store was equipped. Cold fear possessed him when he saw the first big advertisement announcing the opening day which was to bring "cut price bargains" to the inhabitants of Dashville.

John was beaten before the competition started. His mind was full of fearsome thoughts of ruthless competition.

"They tell me that these chain store people sell be-

low cost until they kill competition—then they jack up prices." So John told his agitated wife.

"*They* tell me." "Who are they?" "They" are usually the ignorant ones who mistake wind for wisdom and talk fluently about that of which they know nothing. They are full of information that is not so.

Nevertheless, the idea has possessed John that the proximity of the chain store means his extinction. The hammering of the carpenters building fixtures in the chain store sounds to him like the sheriff's hammer nailing up a bankruptcy notice on his door.

In the meantime, the chain store manager went ahead to earn business by giving customers service, by offering new and complete stocks of merchandise and by adopting vigorous sales methods.

The chain store has no need to use underhanded methods for it can and does win its trade by legitimate competition. It does not concern itself with going after anybody's business, it merely goes after business generally.

Is there anything here that John Witham himself could not have done had he wished? Surely not. But John was scared of the chain store bogey and quit fighting.

Eventually he closed out or sold out and "they" said. "There you are! What did we tell you?"

Let us compare the chain store with the small specialty store and see what advantages and disadvantages each possesses.

The chain store organization has the advantage

in buying. It can buy in enormous quantities and at prices lower than the small specialty store proprietor can secure them.

This difference is not so great as many retailers believe. Many proprietary lines are sold on a strictly one-price policy irrespective of amount of order and the number of concerns doing this is growing.

Some chain store organizations own or "control" factories. But these factories cannot make any cheaper than independent factories. Of course there is the saving of most of the manfacturers' selling expense.

Score number one for the chain store.

When a chain store opens in a town, it does not have to experiment to find the best way to conduct the store. The central organization has worked out a successful system which is applied with no lost motions or waste time.

The chain store manager *knows* what to do and knows approximately what will happen. Various experiments in other stores have developed the best way to do a thing and the store manager does not have to spend energy and thought in devising ways and means of managing his store. That is already settled. This leaves him free to concentrate his energies on selling.

Score number two for the chain store.

If a chain store manager finds that a line of goods does not sell in his locality, he can transfer it to another store in the chain which can sell that line of

goods. This exchange is not encouraged, nor is it a frequent occurrence. Nevertheless, it enables the organization to turn a potential loss into an actual profit.

Score number three for the chain store.

No system of retail distribution is all good or all bad. The very qualities which make for the success of the chain stores develop weaknesses by which the small specialty store may profit.

The individually owned specialty store is managed by the owner. His customers are his neighbors and his friends. He is one of them. He spends his profits in the community in which he makes them. He can say yea or nay to any request made to him.

The manager of a chain store is after all merely a manager. He is often looked upon in small towns as an outsider. He is restricted in his methods by fixed rules based on the policy of the organization. The small specialty store proprietor can change a rule or plan overnight if conditions seem to warrant. The chain store manager cannot do this without first securing permission from headquarters—and this may take so long to secure that the benefit from the change may be lost. A chain store organization will not change a method until it has been most carefully considered.

Then again, if a chain store manager is an exceedingly aggressive type he becomes dissatisfied with being a manager. He hankers for a store of his own, and eventually he leaves the organization and opens up for himself.

If a manager is at all a "weak brother" he fears for his job. He spends much time in making himself "solid" with the general manager. Should one of his assistants do a particularly fine piece of work, the manager tries to attribute it to himself, for he dreads attention being attracted to the skill and ability of his assistants.

The result is that the ambitious assistant leaves for a job where he has a better opportunity to prove his skill. All this means a continually changing personnel in the chain store. High rate of labor turnover is unfortunate for two reasons.

1. New faces are not liked by customers as much as well-known ones.

2. Every change of employee is a dead expense to the organization.

The chain store organizations realize the weaknesses of the system and are striving to eliminate them. Bonuses, profit sharing plans and such like tend to stimulate the energy and encourage the loyalty of workers. A more human method of control makes workers feel that they are, after all, of some importance and that the splendid big organization for which they work is really concerned in their welfare.

One large dry goods and men's and women's ready to wear store organization has remedied these weaknesses. Every worker is a potential partner. Every worker can see his line of progress so clearly defined that he realizes that his own energy and ability are the measures of his success.

Even this system, remarkable as it is, could not

have made the company the phenomenal success it is were it not for the fact that every one associated with the company is given a consideration and friendship by its directors and managers which is as genuine as it is uncommon.

No scheme of financial reward will make workers loyal. It requires a genuine brotherly regard between manager and assistant. The human touch is necessary to make an organization a happy progressive unit.

The smaller an organization is, the easier it is for it to secure the mutual understanding and respect between employer and employee which makes for happy working conditions. A happy working condition is the backbone of success. This condition is easier to secure in the small specialty store than in any other kind of retail distributing system.

We scored three points in favor of the chain store system. The small store proprietor does not have to accept defeat on these three counts, for he can readily equalize matters if he will.

It must be admitted that the chain store can buy cheaper than the small store but this difference is not so formidable after all.

The percentage of expense to sales of the individual store should be less than the chain store expense and the saving in expense offset the loss in purchasing price.

The operating expense of a chain store is comparable to that of the single store but the chain store has an added expense of from 3% to 5% for general

supervision, etc. Most individually owned stores endure a too high expense percentage. Not because of the actual cash paid for running the store but because they do not get the volume of business from their investment that they should. More will be said about this later on.

Score number one can thus be equalized.

The second chain store advantage is knowledge of retail store management. There is no patent on knowledge. There are no secrets of organization and control possessed by the chain store organizations. Their policies and methods are public knowledge. The retail merchant who will, can be equally efficient in the management of his store as is the chain store man. This book itself is planned to give much of that information. Study and the vigorous application of the knowledge gained equalizes score number two.

Score number three is equalized as soon as the small store merchant understands retail merchandising. Unsalable stock is the result of illogical buying. Generally, it is the outcome of buying something from a salesman whom the store proprietor personally likes. He buys from an emotional rather than a logical basis. Skill in buying will reduce the purchase of unsalable stock to such a small amount as to be negligible.

The advantages of the chain store over the specialty store are really the weaknesses of the small store proprietor, which can be removed.

In addition to the specialty store weaknesses men-

tioned, can be added the tendency to get into a rut.

The owner of a small store frequently lives near his store. He walks from his home to his store; spends the morning there and goes home to lunch. After lunch he returns to the store, works until closing time and then goes home to dinner. After dinner, he reads the paper, goes to the movies, or works in the store again.

Is it to be wondered at that the daily repetition of this schedule becomes mechanical and the owner settles down to a routine that kills initiative?

The chain store manager is not allowed to slip into a rut. The home office executives attend to that.

The various retail trade associations have done and are doing much to jerk the retailer from his settled habits. Let the retailer join his trade association and attend its meetings and conventions and he will receive the stimulus which will turn him into a dynamo of initiative and constructive aggressiveness. There would not then be much to fear from the chain store competition, would there? If the retailer really meant business, the chain store would then be the one to worry.

THE DEPARTMENT STORE COMPETITION

When John Witham opened his store in Dashville, he thought he was really shrewd. He argued thus:

"If I open in a big city, I will have the big department stores after my scalp. I could never hope to compete with them so I will not try it. On the other hand I know that the mail order houses thrive in the

small country towns and villages. They are fierce. Of course, they are unfair but you can't make the people see it. I'll be foxy and open in a medium sized town such as Dashville and avoid both these not-to-be beaten competitors."—And he did, with the result already told.

Let's look at the department store first and see what the small store in a big town is really up against.

First of all, it has a buying skill and power equal to that of the chain store. It can buy a larger variety of goods than the small specialty store. Its buyers travel everywhere in search of new and novelty articles. It often pays less than the specialty store for the same kind of merchandise.

But the department store expenses are great; greater even than the chain store. The small store can and should operate much cheaper than the department store. The difference in operating costs can be paired with the difference in merchandise cost.

Advertising. "Oh!" exclaims the small retailer, "how the department store dominates the advertising in the city dailies. What chance has the small man against it!" And yet there are in every big city numbers of small stores advertising modestly and consistently in the daily papers and getting splendid results.

Advertise something worth while and advertise consistently and the size of the space ceases to be the consideration. Suppose a small store advertised as extensively as a department store. It could not cope with the trade. It would break through its sheer inability to take care of the business.

The department store has to spend huge sums to keep the stock moving. Some of the larger stores spend around $300,000 a year. The percentage of advertising expenses to sales is, however, only about 2%. The small retailer has nothing to worry about so far as advertising is concerned.

The department store is conducted scientifically. It can hire highly trained and skilful men and women as executives. The small specialty store owner can acquire the same knowledge and skill if he will. It is public information.

The variety of goods offered by the department store is overwhelming. No small store could attempt to compete with it in this particular. But what small store would *want* to? The very nature of the store would vanish under such conditions.

The strength of the specialty store is that it *is* a specialty store. The public likes to go to the store which *specializes* on a certain class of merchandise. It feels that such a store is more complete so far as the class of goods is concerned than a department in a department store could be. Customers feel more confidence in the sales people in the small specialty store than they do in the department store sales girls.

There is a personal equation in the small specialty store which the department store cannot supply. Of course, the heads of the department stores are just as eager and sincere in their desires to serve the public as the small store proprietor but you cannot get several hundreds, even thousands of salespeople, who are continually coming and going, to adequately represent

that eagerness and sincerity. The result is that the department store is always in trouble caused by the carelessness or stupidity of new and inexperienced salesgirls.

Many department store girls are splendid salespersons but the crude and inefficient majority of them, who look on department store life as something to do until they get married, more than offset the skill of the few who do satisfy the customer. People buy from department stores because of the variety and quality and price of the merchandise in spite of the general low average of sales ability.

The small store proprietor can impress his personality on his store. His assistants represent him more adequately, for all are in close personal relationship with him. The department store superintendent cannot hope for more than the most casual personal acquaintance with the thousands of salespersons working in the various departments of the store.

The small store can get that elusive thing called personality or atmosphere to a higher and finer degree than the huge department store which appears to the public more like a gigantic distributing machine than an organization of human beings eager to be of service to customers. There can be a greater degree of friendliness between customer and salesman in the specialty stores than in the department store.

The department store has fixed rules which all must adhere to. There is none of the flexibility in store conduct which the small store can have. If one buys but a spool of cotton from the department store, the

whole store system machine has to function. Buy six articles from a department store and one may have to visit as many floors of the establishment.

Of course, if a woman bought these six articles from specialty stores she would visit six different stores. Yet she has a feeling of irritation against the department store at "having to traipse all over the place" and often being sent to the wrong department. She does not expect to get anything beyond the range of goods represented in the specialty store so has no feeling of disappointment while there, unless the store happens to be out of something that properly belongs to its line of goods.

The specialty store has decided advantages over the department store. No retailer need fear the department store. Just let the retailer really learn retail merchandising and then go after business with enthusiasm and vigor and the department store will be the one to worry over competition. Look over the retail conditions in any big city. Visit Boston, for example, the finest and best city in the country—(I must give a boost to my own city)—and go into its magnificent department stores, stores famous all over the country for their size and their reputation for progressiveness and service. Yet right in the shadow of these stores you will find small specialty stores selling the same class of goods and thriving in spite of the department store competition.

Every year the number of retail stores increase, but have you noticed that the number of big department stores does not increase? The department store is an

advantage to the big city, but except in the few largest cities it does not offer the complete range of goods which is its chief reason for existence.

The public generally prefers the more personal and intimate relation of the small specialty store. The chain store offers that personal and intimate service in addition to the system and organization efficiency of the department store.

See how marvelously the chain store grows. Every day additional chain stores are opened all over the country. The chain store is growing, the department store is standing still.

The specialty store, individually owned, has all the advantages of both systems if it will only take them.

THE MAIL ORDER HOUSE COMPETITION

John Witham's conception of the mail order house is a common one among a certain class of small retail merchants. "The mail order house competition is fierce. Of course they are unfair but you can't make the people see it."

We'll agree that the competition is "fierce" but as for being unfair—emphatically *no.*

It is no more unfair for a concern to bid for business by mail than any other way. There is no law, legal or moral, to prevent one accepting business from any one who offers it.

The basis for this claim of "unfairness" is that the mail order house takes the business from local stores but pays no taxes nor does anything to

support the town from which it gets the business.

No one ever complains of the big city store which, by its advertising, attracts people from nearby towns to them. Yet the big city stores pay no taxes in those towns!

Surely there is no real difference between getting people to *send* their order and getting them to *bring* their orders. And in both cases the business is won by offering better service than local stores offer. In both cases that service is introduced through advertising.

Let the small town retailer quit talking "unfairness" and face the real reason why the mail order house takes business from his town. The real reason is that the small town retailer is not such a good merchant. He can be if he will merely study modern merchandising and then go after the business as though he means it.

It is not uncommon for small town merchants to plan for local trade "revivals." They discuss how they can "keep the business in the old home town" and plan advertising urging the local public to be loyal to the merchants who support the town. All things being equal, the public prefers to support home trade, but better values, greater variety and lower prices make the public loyal to its own pocket book.

Of course, there is an element which always feels it *must* go away to buy. The villager goes to the town. The townsman goes to the city. The Worcester Massachusetts, woman goes to Boston. The

Boston woman insists on shopping in New York. The New Yorker declares that one simply must go to London or Paris for her "things." But this element is not the backbone of the trade. The great majority of people have a sense of locality-loyalty; and that loyalty is held by offering shopping service equal to that in other places.

Can the small town merchant offer service equal to the mail order house? It *can* and should offer greater service.

Contrary to common belief, the operating expenses of the mail order house is as large and even larger than the small town retailer. True, many small retailers have expense percentages greater than the mail order house but that is the result of inefficient management and indifferent sales energy.

The mail order house has the same price advantage that comes with quantity buying that the chain store and department store enjoy. But if we credit the small store with the possible saving in expenses, the saving in time in supplying needs and the saving of express charges which have to be added to the mail order catalogue price, that buying advantage is more than nullified.

The mail order house can sell its goods anywhere. Its market is limited only by the limits of the postal and express service. This makes possible the sale of the enormous quantities of goods which it sells every year.

However, so far as the local merchant is concerned, this is not a factor of importance, for the method

of selling cannot equal that of a well-conducted store.

Mail order selling is impersonal; store selling is personal. Letters and catalogues, no matter how well prepared, cannot begin to compare in persuasiveness with intelligent and courteous personal selling.

Then again, there are delays in getting goods by mail. There are possiblities for damage in transit, lost shipments, errors in shipment, all of which are sources of aggravation which the local merchant avoids.

Repeat orders are more difficult to secure by mail. It is so much easier to "drop into a store" than to make out an order. This explains why mail order houses have so many "one time" sales; sales which are unprofitable because the high cost of catalogues is not offset by the first order unless it happens to be a big one.

People seldom place a large "first order" with a mail order house. They prefer to try out the reliability of the concern and its merchandise with a small order.

So far as service is concerned, then, the local store has all the advantages if it cares to use them.

THREE OTHER KINDS OF STORE COMPETITION

John Witham ignored the coöperative store. He felt that even he could compete successfully with it.

So he could, as they are at present conducted, but there are strenuous efforts being made to find the best way of applying the coöperative principle to our economic and social conditions.

The coöperative system has proved wonderfully successful in England, Germany and other foreign countries. Its success there is perhaps due to a strong class consciousness and a more general thrift instinct. We Americans are too individualistic and too careless with money to make the coöperative ideal as applied at present work successfully in America.

The strength of the coöperative systems is that the store is owned by the customers who get back the profits of the store in the shape of dividends.

Its weaknesses offset its strength. Too many small "co-ops" are formed by well-to-do people who purchase stock in it—and then continue to shop at the old stores. The poorer people find no advantage in buying groceries from a coöperative store for the all-too-frequent slip-shod management makes expenses unduly high—result—no surplus for dividends. The chain grocery stores offer an immediate cash saving which appeals to those who really must make the dollar go as far as possible.

We will not take up much time in discussing the so-called traveling store. The motor van which tours the country communities takes the store to the customer. Groceries, domestic hardware and drugs, etc., are sold in this way. The "medicine wagon" is an appreciable competitor to small town druggists in the middle and far west, but that competition is being met by druggists who send out their own wagons.

The traveling store is an idea which the retailer might profitably consider as an extension of his store.

Automatic and self service stores are merely phases of retail store methods which have their virtue in low operating expense and speed in selling. Such stores can succeed in a large city, but it is questionable whether or not the small town shoppers (and 67% of the population is in towns smaller than 25,000) would sacrifice the personal friendliness of the salesman for the slight saving its loss would bring in price. Speed is not such a factor in small towns as in big cities. The country people take life a little easier and a little more rationally.

THE ADVANTAGE IS WITH THE SPECIALTY STORE

However you look at it, the specialty store has decided advantages over every other system of retail distribution.

The success of other systems is due to better plans of store conduct and more aggressive selling methods.

The chain store has succeeded not because its principle is better than that of the single owned store but because the single owned store has not taken full advantage of all the benefits and advantages it has.

The same thing applies to the department store and the mail order house.

The only one unquestioned disadvantage of the single owned store is in its limited buying capacity.

This disadvantage is not serious in the case of slow selling merchandise. Slow selling items are not worth while to make "cut price" leaders of them. The items that are "cut" are quick selling staples and seasonable specialties.

Group buying by small retailers is already being successfully applied. Let twenty retail dry goods merchants in a community buy their piece goods as a unit and the quantity price advantage is taken away from the chain store and department store.

The small specialty store is then in the strongest position, for it buys as cheaply as any other kind of store and it can operate cheaper than any other kind of store.

The chain store system can secure the advantages of the individually owned store by letting every manager be a part owner of the store.

The specialty store proprietor can open other stores and thus develop a chain store organization. He can retain all the benefit of his first store if he allows the manager of his stores to be his partners.

The fact is clear, however, that whether the store is an individually owned one, or one of a chain which has partners for managers, the small specialty store which offers personal and specialized service is the ideal system of retail distribution.

The retail merchant is well advised to study the various strengths and weaknesses of retail selling systems. He is well advised to study the methods adopted by the competing stores in his "trading zone."

He should not, however, waste his substance in competing with other stores. He should build up a sales policy of his own and then go after business.

It is said of a well-known professional billiard player that he wins because, while his opponents play *him*, *he* plays billiards.

CHAPTER IV

WHAT CLASS OF TRADE DO YOU WANT?

The salesman picked up a cravat made of Macclesfield silk. He handled it as though it were a valued treasure. He held it from him and gazed admiringly at its unquestioned beauty. Turning to the buyer for the store he said, "Mr. Horn, can you imagine anything finer than that? Wouldn't *you* willingly pay a little extra to get something as distinctive and unusual as that if you wanted to buy a cravat for yourself?"

He passed the piece of shimmering silk to the buyer as he spoke. Walter Horn, buyer and owner of The Horn Company—Everything for Men—took the offered cravat and felt its heavy richness. He sought for a suitable adjective but finally gave it up and murmured, "It's swell, ain't it, but I don't think we could sell anything so good as that."

"How do you know until you try?" parried the salesman. "Your customers think about as you do. *You* would not object to paying an extra dollar for an imported, all pure silk cravat. Your customers will be *glad* to get something different."

"I don't know," replied the fast weakening Mr. Horn. "How much did you say they were?"

"Twenty-one dollars a dozen—retail at two ninety-five."

"Two ninety-five! Gosh, we can't get more than a dollar fifty. Our popular line is seventy-five cents. Used to be fifty and twenty-five before the war. We keep a few up to a dollar and a half, but hardly ever sell them."

"Oh, you've made a mistake, Mr. Horn. The working man wants the best—*The Best*, to-day. You can't supply him, so he goes elsewhere. The really swell dresser won't hesitate to pay the price for something like this. And the profit on one of these is worth a dozen of those cheap things. Remember that there are no two alike. Every half dozen includes six colors. Just try—er—six dozen, Mr. Horn. You'll soon be back for more."

"Six dozen! Gosh, no. I'll tell you what I'll do, I'll take two dozen and see what happens."—

The two dozen cravats are delivered in due course. They are splendid value for the money, there is no question of that. The designs are exclusive, dignified, in excellent taste. The silk is the quality that helps keep Macclesfield famous for silk the world over—but Walter Horn never sells one of them.

He got rid of some at Christmas by giving them to his family for Christmas gifts, and some he wore. The rest are hanging in the store and becoming forlorn looking and unsalable as the dust of weeks works into the very warp and woof of the silk.

The cravats were all right. Walter Horn's store was all right—but they did not go together.

Walter Horn had made the mistake that so many retailers make. He had not analyzed his community

and found out what class of people predominated. He had not, therefore, decided what class of people he intended to cater to.

Some stores claim to sell all classes of people—and of course many stores have for customers both "Judy O'Grady and the Colonel's lady"—yet one extreme or the other is the casual customer, the adventurer into the store.

This can be illustrated in the case of a high grade grocery store catering to the medium-to-wealthy trade. They buy the very best groceries they can. They import all kinds of delicacies and novelties which appeal to the most cultured tastes.

Their list of charge customers would read like the Blue Book—yet there is a great number of artisans' wives and the wives of underpaid, half starved bookkeepers who buy from this "exclusive" store.

There is this difference between the two classes of customers. The first named class contains regular customers while the second class makes up the casual trade. The one group trades there as a matter of course while the people of the other group feel that they are extravagant in going there but every so often they "just long for something extra nice." So they venture into the store which as a regular market is beyond their means.

Another example. A cut rate men's clothing store bids for the trade of the "masses." Its advertising is aimed at them and its stock is bought to fit the needs and the likes of the "working man." Nevertheless, the store attracts a regular stream of professional

men, well-to-do business men and that class of people which one would naturally expect to see in the more exclusive stores.

In this case, the working man is the regular patron while the more particular dresser is the adventurer, the casual customer. The professional man goes there at very infrequent periods, perhaps when undergoing a mental resolution to save, to be less extravagant. He goes to the cut rate store because he may be short of cash, or because he reads an advertisement of something that he needs.

Both these stores mentioned certainly sell to all classes of people, yet properly speaking, the first named is the above-market class, while the second mentioned is the below-market class. There is the ordinary, "middle class" trade which we can designate as the "market" class.

It is of extreme importance that the retailer decide what class of trade he is going to appeal to. It is not merely a question of what class of merchandise to buy but the whole question of trading policy is involved.

The adoption of a definite class of trade affects everything, merchandise, finance, turnover, mark-up, fixtures, location . . . not a single phase of retail store management but what must reflect the policy of the trade class if the enterprise is to function as a harmonious whole.

A large below-market dry goods store had operated very successfully for a number of years. It had sold at a narrow margin of profit and built up a large business among the poorer people of the town.

The appearance of the store was crude. The counters were made of packing cases covered with oil cloth. The shelves were merely packing cases piled one above the other.

The proprietor became wealthy, and with his wealth came a desire to improve the appearance of his store. He began to feel ashamed of his packing case counters and all the other conditions of the store.

Eventually, he decided to improve appearances—and being an enthusiast he determined to make a good job of it. He had beautiful mahogany counters and wall fixtures installed. Display cases of equal value followed. The old uneven floor was replaced with an oak floor. New store windows completed the transformation.

Then he gave a sigh of satisfaction and waited to receive the congratulations of his old customers.

But they never came. Business took a slump as soon as the change was made and it kept slumping. The owner of the store was complacent. "A big change always slows down business. It'll come back bigger than ever soon."

But it kept slumping.

Finally, the owner became worried and began to seriously analyze the situation. It was not long before he put his finger on the trouble which was well expressed by a woman whom he overheard talking to a neighbor.

"No, I don't go to ——'s no more. I can't pay fancy prices for my stuff. My old man works too hard for his money for me to throw it away on gold

plated fixings. All them new swell shelves and things. I ain't a-going to pay for 'em."

The merchandise was just the same; the price was just the same. The merchant had bought goods that belonged to his class of trade but he tried to sell below-market goods in above-market surroundings—and it did not work.

It did not take long to discard the new fittings for modest "homey" fixtures. But the trade did not come back so quickly as it left. Customers are "scarey critters" quick to run away but slow to be coaxed back. Eventually the old trade was regained. The merchant is secretly half ashamed of his store *but* no fixture salesman ever could possess a tongue persuasive enough to induce him to look inside a fixture catalogue.

Each class of trade has its special appeals and special problems.

The below-market class of trade is reached by low prices—the economy appeal.

The market class of trade is reached by price and service. The people in this class look for value received but are not willing to sacrifice personal conveniences to the extent that the below-market people will. The below-market customer cannot buy all she feels she *needs* so has to make her money go as far as possible. The market customer can buy all she needs but not all she wants.

The above-market customer demands service, style and exclusiveness and she has the money to pay for this service-plus.

Each class expects to find physical conditions which help it to get the kind of service it wants.

The below-market customer wants to trade in a low rent district (or one which is not in a high class shopping section). She wants a store in which there has been no evident waste of money for fixtures for which *she* has to pay. She is willing to pay cash and carry home her purchases. The store which adopts a cash and carry policy appeals to her, for she feels (rather than reasons) that such a store is managed economically.

The "great middle class" has the desire for the best of everything. It has education and taste and a desire to satisfy the instincts which an appreciation of the better things arouse. But, it lacks the funds to do this, so it compromises. It looks for medium class goods which express taste, style and refinement and it also looks for the services which wealthy people demand. A nice discrimination is needed therefore to secure quality merchandise, offer it in pleasant surroundings and give desired service but keep prices at a standard level.

The above-market class of customers insists on the best of everything. It demands exclusiveness. A merchant cannot give exclusiveness in a great big store; the small or moderate sized store is better adapted to the cultivation of an air of culture, leisure, and luxury. The merchandise offered must be distinctive, "advanced," of the finest quality, and in endless variety. Price ceases to be the factor and "something different" assumes importance.

How impossible it is to attract permanent customers of all classes to a store!

"The big department stores do it" you may say, "for they reach the below-market (the cheap) trade in the bargain basement. They reach the market (medium) trade by the huge first floor displays. They reach the above-market (the fine) trade in the so-called "individual shops" on the upper floors.

One man may own three stores, one of each class, yet the class appeals would still be distinct and separate. The department bargain basement is a distinct store. It is invariably advertised separately. The class of merchandise and the fixtures are different from those of the upper floors. To all intents it is a distinct store frankly appealing to the cheap trade and skillfully keeping the interests of the basement distinct from the rest of the store.

And the "individual shops" on the upper floors. Do they not attempt to give that air of exclusiveness and luxury for which the fine trade looks? Yet with all that the department stores do,—and we must admire the skill with which they study and appeal to the various classes of customers—they do not capture the really exclusive trade. Of course, some above-market customers buy there infrequently, but the approach, through the vigorous bustling main floor, up in the crowded elevators, is not such as to tempt that exclusive class of trade which requires the quiet refinement of the exclusive specialty store.

Every store has class tendencies. One store may be a market with below-market tendencies. Another

may be a market with above-market tendencies. All below-market and the above-market stores have tendencies varying in intensity toward the market trade.

Yet the retail merchant who tries to cover all these classes of customers will probably do a much smaller trade than if he directs his efforts to one class and merely lets the tendency, either up or down, be incidental to his main appeal. The merchant who tries to please all classes of trade usually fails to completely satisfy any one of them.

The class of trade appealed to affects the rate of turnover and the mark-up of the goods.

The below-market trade operates at as low an expense as possible. *Price* is the big appeal and the lower the price, the stronger the appeal. So there is an urge to put on as small a mark-up as possible. Low prices stimulate trade while high prices retard it. The low prices of the below-market class stimulate trade and increase the rate of turnover. (The question of turnover is discussed in chapter eight.)

Going to the other extreme, we have the above-market store with very heavy expenses. The above-market customer looks for exclusiveness and service for which she is willing to pay. Having to have a complete variety of seasonal goods and extreme fashions to enable customers to have plenty of patterns or styles to choose from the rate of turnover is slowed down.

As turnover is slowed down, mark-up must increase.

The market (medium) class trade strikes the happy medium between these other two classes.

The quality and kind of salesmanship varies according to the class of trade catered to. The below-market trade appreciates the breezy, informal salesman. The above-market buyer prefers the courteous, formal pleasant salesman.

The window trimming of these three classes is distinctive. The below-market window has goods displayed in heaps with bold price tickets on them. The market window displays less merchandise, but more skill and taste in arrangement is shown. Neat "talking signs" and price tickets complete the appeal. The above-market window displays only a few items and no prices are quoted.

The retail merchant who neglects to study the class of trade to which he can appeal is handicapping himself in the race for success. The merchant who just "runs his store" without considering carefully his market is trying to sail for the harbor of success with no compass to keep him in the right course.

CHAPTER V

PROBLEMS OF STORE LOCATION

A small chain of stores—let's call them shoe stores in order to hide their identity—in a big eastern city got into difficulties some few years ago. The creditors felt that every effort should be made to continue the business and a detailed statement was prepared so that "ways and means" could be considered.

It was noticed that the rent of all the stores seemed very low. This made one of the creditors, a Mr. Blunt, curious. He visited every one of the stores and studied the situation first hand.

At the next meeting this director rose and made the following analysis of the situation.

"As the condition about each store is very similar I will discuss the store in Upperside Street. Its condition can be duplicated in all the other stores. Its total operating expense is 32% which is far too high, of course. Its rent is 11% of sales which is larger than it should be. The only salvation of the store is to increase its sales. Purchasing has been done wisely. The store could not get along with much less stock than it carries. But, now mark this gentlemen, I do not think it is possible to get more trade in that store. I think it is doing about as much as can be expected."

The other members of the committee stirred uneasily.

"I have found the reason for the trouble this concern is in. The general manager has made the mistake of looking for low rent localities rather than for localities which have a sufficient number of people passing the store from which to draw business."

"Just a moment," interrupted another member of the committee, "was it not the policy of the company to avoid the extravagant rent districts? I mean locations which because of their situation seem highly desirable and in consequence the rent is bid up by rival concerns seeking the place."

"That's correct," agreed the first speaker, "but the mistake the management has made is to choose a store because its rent is low. It is possible to avoid the high rent sections and still get a store which has the traffic. Take this Upperside Street location, I believe the rent is $4000 a year, and for the size of the store, it is very cheap. But I found two stores on Croft Street, which as you know, is less than a block from Upperside, and the rent of them was only $5500 a year each. Think of it, gentlemen, only $1500 a year more, and for that extra money the management could have got off a rather quiet side street on to busy Croft Street. In every other particular, I believe, the management has been efficient but in choosing the locations they have been guided by price rather than trade potentialities."

The manager, his face flushed with embarrassment, rose to defend his position. "You must have

noticed, Mr. Blunt, that every store is but a few yards off a very busy thoroughfare. Now I contend that by giving big values we can get the people to walk a few yards off the beaten track and—er—" he gulped and sat down abruptly.

"Results, my boy, are the only things to judge by and results prove you are wrong. You cannot change the walking *habit* of the public unless you offer such big bargains that the conscious thought of your bargains overcomes the subconscious habit of walking the same way home or to work. Now you haven't and can't offer shoe values so startling as to break the walking habit."

"Say, Jim," laughed a member of the committee, "you are giving us some deep stuff. What is it? Psychology?"

"Psychology's the word, George," Blunt smiled slightly as he spoke, "and if you want to succeed as a retailer, you had better study it. It is merely the common sense of human thought and action. The 'why' of how people do things. Did you ever ask yourself why you go home the same way every night? Did you ever wonder why certain streets are full of people while others equally convenient are empty? It means that people have got into the habit of using certain streets and often of using one side of the street. If you want to get their trade, open your store where they are, their habit will keep them passing your store and if you are on the job you can coax enough of them inside to make a profit.

"Now the habit streets as I call them command a

higher rent than the other streets, but rent should not be considered as a flat sum but as the potential percentage of expense to sales. . . . Tell me," he asked the committee abruptly, "which would you prefer. A store with a $5000 a year rent and a business of $50,000 a year, or a store of $8000 a year with a business of $100,000 a year?"

Without waiting for an answer, he went on, "That's the whole trouble here. I see no hope of saving the business unless all the stores are moved to where the people are. If the management will undertake to get locations where the people pass regularly and forget, in reason of course, the amount of rent it has to pay, I will be willing to carry their account along for a year. Let it do this and continue its present efficient marketing methods and the chain will soon be making a profit."

Success in retailing depends, more than many merchants realize, upon choosing the right location for their business. It is so easy to rent a store on surface knowledge. It is a difficult and painstaking task to check up all the factors involved in choosing a store location.

While rent is of secondary importance compared with the desirability of a location, a nice discrimination between the value of a store as a business puller and one's financial ability to carry it is needed.

This is aptly illustrated in the case of a young man who had saved a thousand dollars, borrowed five hundred more (at 8%) from a friend, and had been promised an "extra thousand dollars worth of goods

on credit" by a wholesale house. He decided to open a small general dry goods store in a busy suburb of a large city on this "capital" of $2500. The store he found was ideally suited to a good dry goods business so he rented the store for $2000 a year.

Before he opened his store, he was told that it was impossible to make a success of it and that he would be out of business in less than a year. As a matter of fact, he failed hopelessly within six months.

Here is the explanation.

Rent should represent about 4% or 5% of sales. Normal rent, not the excessive after war rents. If it became heavier than this, it would be excessive, especially as other expenses usually maintain their percentage ratio to sales. By that is meant, if rent is low, other expenses are generally low in proportion and vice versa.

Two thousand dollars, therefore, represents 4% of what total sales for the year should be if the store was to make a satisfactory profit. Total sales therefore would have to be $50,000.

This young man had little to spend on fixtures for, fortunately, the store had a lot of old fixtures which he could use. His "working capital" represented at the utmost only $2500. The normal rate of turnover for dry goods is four times. Let us credit him with unusual skill and assume he could get a six time turnover during the year. His total sales then would be $15,000 plus the mark-up. Assume mark-up to be 50% (which gives a profit of 33⅓%). Add this

to the $15,000 and we have a gross sales totaling $22,500.

His absolute maximum of sales was less than half the amount needed to justify the rent expense.

His position was like that of the young man with a limited income who was presented with a Packard twin six. He ruined himself trying to provide the "gas." He could have managed the expenses of a Ford, but the Packard was beyond his means.

Two rules of primary importance in choosing a location are:

1. Choose a location which has the potential trade passing the store.

2. Choose a location which is compatible with the business one's capital can "swing."

Observe that the first of these two factors calls for a location which has the *potential* trade. A street may have thousands and thousands of people on it every day, but those people may not be the kind who would buy your line of goods.

In considering the number of people passing a location, one must also consider whether or not they are the class from which your trade will come.

The next thing to consider is the neighboring stores. An ice cream store *might* build up a business if located next door to an undertaker's parlor, but it would have much greater chance of success if located next to a popular moving picture theater.

Consider your business and so far as possible, open your store near to stores whose business will aid yours. For example, a cigar and tobacco store and

a men's furnishing store help each other. A shoe store and a hat store aid one another. A drug store and a fruit store help each other. A popular jewelry store and a stationer's store bring business to each other and so on.

In a big city, the neighboring store is of little importance but as one gets to smaller towns and suburbs thought must be given to this matter.

A store may place itself in the very center of retail trade in a big city and still be poorly located. The "exclusive" stores are better located on the side streets leading off the popular shopping streets. This is because the exclusive trade—the above-market trade—prefers to shop away from the hurly-burly of brisk quick moving business.

A furniture dealer usually chooses a location just "off" the popular shopping section. This is because when people buy furniture they want time and space to view it in. One does not pass a furniture store and, on seeing a fine dining room suite on display, decide then and there to go in and buy it. Furniture is something that one deliberately goes out to buy. So the dealer may have his store off the high rent section and still get the trade. Also, the space needed for the stock would make a store in the high rent section prohibitive so far as rent was concerned.

Avoid a store next to a blank wall, a church, or bank or any kind of building which "blocks" the shopping instinct. Stores so located are often at the end of a pocket as it were. Shoppers do not go through such a street unless it leads to another shop-

ping section. In which case, the shoppers go past the last store in their desire to reach the new section.

Have you ever noticed how often two "hole in the wall" fruit venders will have a space each end of a street. One calls "Apples five cents each," as you pass. After you have passed, you think, "Hum, I could eat an apple, but I'm not going back for it." Then you come to the other end of the street and buy from the other man. The same thing works in the other direction of course.

The first and the last store in a small town shopping street are often undesirable for the reason that people wait until they are in the shopping district before looking around. Then when they've bought they have lost the desire for more purchases so that the last store passed suffers again because the buying impulse has subsided.

Do the goods you sell soil easily? Are they quickly damaged by dust or smoke? If so, avoid a windy corner. A kitchen furnishing store was located on an exposed corner. If ever there was any wind, it was at that corner. When any other part of the town had a gentle breeze, this corner had a young hurricane. There was plenty of dust in the town, and it seemed to collect in whirling eddies outside that store. Even when the door was closed, the dust and grit would work inside, but in the summer when the door was open, the store was always full of it. The salesmen spent all their spare time in fighting dust. Mrs. Partington had a much easier job in trying to sweep back the Atlantic Ocean than

the salesman had in that corner store trying to keep the stock free from dust.

Suppose a florist tried to operate in such a store!

A vacant store is a poor neighbor. Sometimes a store is "hoodooed." One after another has tried to win success in it and failed. Then people believe it is fated to failure and it remains empty week after week and month after month. An empty store assumes quickly a woebegone bedraggled air which cannot fail to depress the beholder. That air of depression possesses the passers by and is still with him when passing the neighboring store.

The merchant who is fated to be next door to an empty store need not suffer from it. He can go to the owner of the vacant place and make him the proposition that he will keep the store clean and the windows washed in return for permission to display some goods in the windows.

The owner of the empty property can be made to realize the benefit to him in having his property kept clean. It is a better renting proposition of course. Indeed, a landlord who had three empty stores in a row approached certain retail merchants and offered them the windows free and promised to keep the stores and windows clean if they would trim the windows with merchandise.

Trolley terminals are good for quick selling low priced goods, but poor for high priced merchandise. Drug stores, candy stores, news and magazine stands, and cigar stores have splendid opportunities for trade

at a trolley terminal. Dresses, millinery, jewelry, and such like goods which have a high unit cost and which take time to choose, are better located a short distance from the terminal.

If you sell goods which are affected by the sun, it is wise to locate on the shady side of the road. Fabrics which fade, perfume which loses its color, candy which softens and whitens in the sun make it difficult and expensive for stores on the sunny side of the road (which deal in such commodities) to trim their windows.

As a general rule, the shady side of the road is most popular. In the summer, people walk on the shady side to avoid the heat. In the winter, they still keep to the shady side because it is drier. The sun melts the snow on the bright side of the road and so makes it sloppy while the shady side pavement remains hard.

An important factor in a store location is its display possibilities. Store windows are an exceedingly valuable commodity which one rents with the store. Consider how they are placed. Are they wide and so arranged that the passers by can see them before they get there, or are they handicapped by neighboring stores. A store window which is not observed until one is right in front of it loses half of its sales pulling power.

Modern store fronts are so arranged that the entrance is placed back from the road. This arrangement makes it possible to have the window display carried on an angle from the street level to the door, thus providing side as well as front displays.

Steps up to the store are bad, but steps down to the store are worse. Where possible, have a store where the floor is on a level with the street. If the store has a step, it is a good plan to remove it and make a slope from the street to the store.

And finally, there is the very important factor of trade trend. Is the district you are interested in "coming" or "going"? In all towns, there is an ever changing center for retail trading. The larger the city, the more rapid becomes the change. There are exceptions to this, of course, but it is wise to ignore the "exception" when considering a store locality.

Consider where the center of trade was twenty years ago, and see where the newer shops are and from such observations decide which way the center is moving. Then locate your store in the path of progress. Be where the trade is growing and by getting a long lease on a store in a district which has not yet "arrived" but which is coming, you may secure a rent which, while reasonable for trade as it is, will be a bargain ten years hence.

It is an all important matter to be placed right. If your store is poorly located, you cannot hope to do the business. Take time to investigate thoroughly, don't be so eager to get started that you make a false move. Remember that a well chosen store location will carry you half way to success.

CHAPTER VI

EXPENSES AND SALES

The self-satisfied man with the goatee was talking to the editor of a trade journal. The editor was listening to his dissertation on "crazy modern notions" and at the same time was giving a word of welcome to friends who were also visiting the trade convention.

The man with the goatee, however, was blind to the alluring booths in which manufacturers displayed their lines for the edification of the retailers. The orchestra was executing (this does *not* mean "murdering") the latest musical comedy, but the self-satisfied man heard it not.

"I've been in business for twenty-five years and every year I've done a lot better, except two years when business was dead. I tell you, Mr. Hodges, that the reason I've made a success is because I stuck to sellin' and buyin' I—I kept my business free from red tape. These crazy modern notions of splittin' up your expenses into a crowd of triflin' items and decidin' how much you will sell in a year when nobody can tell anythin' about it. Say, to do all that these fellows who never had a day sellin' in a store in their lives tell you to do—well, I'd have to quit work and go to keepin' books and figurin' how to spend the profit I ought to make next year. Ha, ha, ha." The self-satisfied man always laughed

at anything he thought was funny, which was perhaps a good thing for it gave polite hearers an opportunity to be polite.

And the reason for this tirade was an address given that morning on "The Departmentization of Expenses."

With all due apologies to our friend with the goatee, we must recognize the necessity for accurate analysis of expenses for, unless they are properly departmentized, a business is almost sure to lose money. Unless expenses are carefully checked and allocated to their proper department, they have a tendency to creep upwards. It is such an easy matter to give a couple of dollars a week more to the boy; to spend a few dollars to have new shelves put in a display case; to get the janitor an extra chamois leather because he has mislaid the one he had the week before and he wants to wash the fronts of the show cases early in the morning . . . but it is just such little things as these that eat so cruelly into the profits.

It is sometimes forgotten that the net profit on ten to twenty dollars worth of business is gone every time an extra dollar of expense is incurred.

Just as every employee in a store is expected to earn his salary so every item of expense should be expected to produce the results planned.

The retail merchant who does not departmentize expenses and calculate the percentage of each item to the sales quota is running his store on guess work.

A moderately successful retailer said, "My ex-

expenses are 25% and my gross profit 33⅓% so everything's all right." Yet an analysis of his expenses showed that his rent was too high for the amount of business he was doing. His bad debts were three times what they should have been. And his salaries were less than they should have been. He kept his expenses down to 25% certainly, but at the expenses of his salesman who actually produced his business. The analysis of his expenses showed quickly why he had such a high labor turnover.

An adjustment of expenses was made and almost at once his sales force became stabilized and sales increased.

One may ask, "How can you tell what your percentage of expense to sales will be?" You incur certain obligations in the anticipation of doing enough business to justify them. Whether or not the volume of business will measure up to the anticipations is all a matter of circumstance and work.

Naturally, no one can say how much business he will do next year or next month or next week, or even to-morrow. Yet the experience of thousands of other merchants gives us a normal average rate of turnover —a standard—which the ordinary merchant should reach and the skilled merchandiser will exceed.

For example, the normal turnover for dry goods is four times a year. Let us assume our expense of 25% (which, incidentally, is too high) and a gross profit of 33⅓%. Suppose that a young man opens a dry goods store in a well chosen locality and he has cash and credit which will enable him to carry an

average of ten thousand dollars worth of stock. How much can he spend for expenses?

Just see how simple this is. Merchandise investment $10,000; turned four times a year means $40,000 of goods bought and sold. To this cost amount must be added the gross profit so we add 50% (which gives us 33⅓% on sales) to the $40,000 and find that the total sales for the year should be $60,000.

This figure is not guess work, it is the normal amount of business for the capital invested and one which the normal person can attain if he exercises common sense and industry.

If sales are estimated at $60,000 and expenses can run up to 25% the young man just opening his dry goods store could plan to spend $15,000 a year for expenses, knowing full well that under normal conditions he will do $60,000 of business and thus bring the percentage of expenses to sales into satisfactory proportion.

Unless this $15,000 is distributed equitably among all the various items of expense the "organization machine" will not run true. Some part of the machine will drag while others will rattle. For instance, spending too much for salaries is comparable to having an automobile with an engine too powerful for the car; the rest of the machine breaks down under the strain.

Upon individual conditions depends the division of the $15,000 amongst the various expense items. The kind of merchandise sold and the class of people appealed to must be considered carefully if this

money is to be spent wisely. It is not the purpose of this book to give statistical data. There are some excellent books giving detailed expense analyses based on investigation. Retail merchants can procure the latest figures from the secretaries of their trade associations (in which I strongly urge membership). This established data is constantly varying so that its inclusion in this book could quite easily mislead the reader of a year or so hence. To that extent it would impair the value of the book as a permanent reference to principles of retailing and their application. Remembering, therefore, that any figures given, while approximately correct, are not exact, let us see how this $15,000 should be spent.

Suppose we christen the young man who opens the dry goods store, George. He has an average of ten thousand dollars worth of merchandise and as already shown may spend $15,000 for expenses. This is too much money actually. The expenses should be nearer 20% than 25% but for our example we can assume the larger item.

Now let George do it.

George, after careful thought, divides the $15,000 into the following items of expense as the proportion named.

Rent	3.5%	$2,100
Salaries	10.0	6,000
Supplies	.5	300
Delivery	1.0	600
Advertising	1.5	900
Bad Debts	.3	180

Heat & Light	.5	300
General Expenses	5.0	3,000
Insurance & Taxes	1.2	720
Depreciation &Shrinkage	1.5	900
	25%	$15,000

By this division, the $15,000 is distributed fairly so that the organization effort is a harmonious whole.

This division fixes a maximum amount to be spent on any one item. Rent for instance must not exceed $2100 (unless unusual circumstances make it desirable). Suppose George is fortunate and manages to get his rent for $1500. This does not mean that he has $600 to spend in other ways but that he has reduced his expenses by that amount. By saving $600 on rent George has added $600 net profit to his year's estimated profits.

Once having divided his total expense into its several parts, George plans to save money on such items as do not directly affect sales.

For instance any savings made on any item except salesmen's salaries and advertising would not necessarily affect detrimentally the volume of sales.

The percentage ratio of salesmen's salaries and of advertising should be maintained because these two items are creators of sales and are more of the nature of investments than expenses.

Let us leave George feeling satisfied with his prospects and consider these ten items of expense one by one.

RENT

This is what the business pays for the opportunity to do business in a certain location. When a business pays rent, it pays for several things. It pays for the opportunity to attract trade by the use of store windows. It pays for the convenience of serving customers. It pays for storage, receiving, and dispatching facilities. The value of a store depends not so much on its size as on the completeness with which it supplies these things.

For instance, imagine two stores both containing ten thousand square feet. One store has a 25 foot frontage and three floors of 133 feet depth. The other store has a 50 foot frontage and one floor of 200 feet depth. There is no question that the second store is worth several times the first store assuming both to be in the same location.

The second store has more than twice the window display pulling power, for the sales strength of store fronts increases greater than the increase of foot space.

Having its sales space on one floor makes it easier for the public to buy than it would be if it had to ascend to other floors.

An experienced retail merchandiser would divide the rent of three floors about as follows: Ground floor 65%, First floor 25%, Third floor 10%.

Some merchants fail to distinguish between themselves and their business. A certain druggist who owned the building in which his store was located never charged himself any rent. "Why should I

charge myself rent?" he exclaimed. "I own the whole block and there's no sense in paying money to myself."

But, suppose his store was a rented one on another street, he would receive an income from the block which he owned and pay rent for the store which he rented.

By ignoring rent, he gave his business a fictitious profit. The business has to make a profit apart from any outside income of the proprietor. The expenses of the retailer owning his store who ignores rent are invariably too high, for the amount which the business should pay for rent is generally frittered away. The druggist in question knew that the drug store expenses are 25%, so, as long as his expenses did not exceed that amount, he was not careful of expenditures.

Suppose that druggist had wanted to sell his business. He would state to a prospective buyer that his profits were so much every year. The prospect would find on examination that earnings were nothing like what was claimed, for, he would have to deduct from the net profit claimed by the druggist the amount which the druggist would charge him for the rent of the store.

This item might easily turn a profit into a loss—and thus seriously depress the sale price of his business.

SALARIES.

Salaries include all money spent for help. It

includes sales people, the stenographer if there is one, the occasional help, the boy who delivers, and the proprietor himself.

Some merchants charge the salaries of delivery men or boys to Delivery expense. It would seem better in the small business to let all salaries be charged to Salaries, for the delivery boy usually helps around the store a good part of his time. Some merchants split proportionately the wages of the delivery boys or men between Salaries and Deliveries.

It is a common mistake of many retailers to pay no salary to themselves. When needing some money, they draw what they want and charge it to their personal account. At the end of the year, they claim a profit which (as when the merchant owns his store) is greater than it actually is.

Every retailer should make his business pay him a salary which would be equal to what he would have to pay anybody else to manage his store for him. He may, if he prefers, pay himself a salary equal to what he could earn if he worked for some one else. As a matter of fact, these two amounts are usually about the same.

No retailer can claim a penny piece of profit for his store until his salary has been paid.

SUPPLIES

In this division belong expenses for paper, twine, labels, boxes, carrying handles, or anything which is used to protect the purchases of customers. This is a comparatively small expense item but in most specialty stores is far higher than it should be.

Clerks are inclined to be careless of paper and twine. They tear a piece of paper from a roll and then find it is twice as large as necessary. The paper is folded in two and a clumsy bundle may be the result.

The fault is not all with the clerks, however. The proprietor is equally to blame for not buying paper and twine that is properly suited to his needs.

"I can't waste my time to dicker over a few dollars on wrapping paper," said a small hardware retailer. "I can make more money by putting my time into buying hardware."

Yet he only had to give his thoughts once to the question of supplies. Once he had decided on the best paper and twine for his needs, future buying would become automatic.

A men's furnisher bought paper cut in squares and had his name and address as well as some advertising matter printed thereon. He did the same with large paper bags which he used for hat containers. On the plea that this was advertising he charged it to advertising expense.

This was incorrect. The primary purpose of the paper was to protect the purchase of the customer and as such it is a Supplies expense. The advertising is incidental—and of dubious value.

This question is frequently asked, "Does it pay to have a distinctive color of paper or unusual design of box for wrapping purposes?" The answer is, "Yes" and "No."

Yes, if the store caters to a high class trade, for

people like to be seen with a package which every one knows at a glance came from an exclusive store. Tiffany's in New York have continuous requests for empty boxes from people who wish to put in them a gift bought elsewhere. The Tiffany box implies that its contents are of value and merit beyond question.

The answer is No, if the store appeals to a cheap class trade, for reasons too apparent to need discussion.

DELIVERY

This division embraces any expense incurred except salaries in delivering goods to the customer. Postage, freight, upkeep of teams or motors and depreciation of delivery equipment, all such items as these that are incurred in effecting delivery belong to this division. Of course, if a retail merchant has a large delivery department and has men working exclusively in delivering goods their salary could be charged to delivery. If the men put in only part of their time in delivering work, the method of lumping all salaries under one head would be in order.

Advertising expense includes anything spent for publicity. Newspapers, bill boards, sales letters, window displays, premiums, trading stamps (although trading stamps are liabilities and not advertising helps), theater programs, car cards, and so forth, all come under the head of Advertising.

"Advertisements" in church programs and such like publications should be charged to "charity" as a part of General Expenses. It is not fair to tax advertising for something which is merely a more or less forced gift.

Bad debts—Humph, we all know what *they* are!

Heat and light are also readily placed. If elevator power is used it should be charged to this division of expense.

GENERAL EXPENSES

This division is all too often made the carry-all for everything. If a merchant questions where an item should go he dumps it into general expenses.

If a merchant goes on a buying trip, or attends the trade convention, he would charge the expenses to General Expense. Repairs and renewals of equipment, free alterations of garments, loss from stolen goods, ice, janitor's supplies, window washing, and telephone and telegraph (unless used for sales purposes when they should be charged to Advertising) all belong to General Expenses.

Office stationery and supplies belong to General Expenses, Postage stamps may be charged to General Expenses or Advertising or Delivery depending on the purpose for which they are used.

And another item which is often ignored; Interest at current rate on capital invested in the business.

This makes the third item which many retail merchants neglect to pay before declaring a profit.

Suppose a man owned a building; had some money invested in good bonds; and worked for a salary.

He would get income from three sources:

1 Rent from his building
2 Dividends from his bonds
3 Salary from his employer

Suppose he worked for himself, invested his money in his business, and operated in his own building. His business would not make any profit until it had paid him rent, interest and salary.

INSURANCE AND TAXES

In this division are placed all the insurance premiums and taxes paid out by the business. If the proprietor insures his life naming the business as his beneficiary, he should charge the premiums to his business. If he insures his life naming some member of his family as beneficiary, he should pay that himself out of his salary.

All kinds of insurance taken out by the business properly belong to this division of expense. The most important kinds of insurance are fire, burglary, employers' liability. These three, every merchant should carry.

Other kinds of insurance which it may be profitable to carry, depending on individual conditions are plate glass, fidelity, elevator accident, tornado, merchandise en route and life. The last named may be on the owner or owners, or on employers who are given insurance by the concern as a bonus for service or as a regular business policy.

DEPRECIATION AND SHRINKAGE

This last division takes care of merchandise and equipment depreciation and shrinkage.

Every penny spent for expenses should be charged to some one of these ten divisions. Only by so

doing can a retail merchant be sure that he is spending his money judiciously.

The yearly amount for each division of expense is estimated at the beginning of the fiscal year. This, however, is not enough. The items of expense vary from month to month. Some months advertising is higher than others. Some months general expenses are very low. The skillful retail merchant will divide his expenses into monthly quotas and thus prevent the misfortune of having spent his year's appropriation for a division of expense at the end of six months.

All expenses are planned to be within a certain percentage of sales. George first estimated his sales for the year and then planned his expenses to secure the sales he wanted to get.

In other words, the first thing George did was to plan a sales quota. Sales must be the equation from which all statistics must be considered. It is out of sales that all expenses must be paid. For this reason, all percentages should be considered from sales and not from cost.

The monthly expense expenditure depends upon the monthly sales quota. So before monthly expenses can be estimated, George must have a sales calender.

George planned to do $60,000 worth of business in the year; that was his sales quota. He did not expect to do an even $5000 worth of business every month. He estimated the amount of sales each month should produce; that was his sales calendar.

On these two sales factors hang expense expenditures.

The expense analysis discussed in this chapter is complete enough for the ordinary small store. The larger the store becomes, the more need there is for further expense analysis.

The National Dry Goods Association has prepared a standard classification of expenses which is being accepted more and more generally by department stores and by the larger departmentized specialty stores.

The Association first divides all expenses into five departments as follows:

1 Administrative
2 Occupancy
3 Publicity
4 Buying
5 Selling

The following sub-divisions of expense are recommended.

1 Payroll
2 Rental
3 Advertising
4 Taxes
5 Supplies
6 Delivery
7 Unclassified
8 Traveling
9 Light, Heat and Power
10 Communication
11 Fixtures, Replacements and Repairs
12 Insurance
13 Depreciation
14 Maintenance of Buildings
15 Legal Service and Other Fees
16 Contributions

This classification and analysis is perhaps the most complete yet simple one ever developed and as such is worthy of a serious study of the unit store proprietor.

CHAPTER VII

DEPARTMENTIZATION

In chapter six we touched upon the buying quota and buying calendar. The quota, however, was considered as a whole. The retail merchant who decides on what his total sales for the year shall be and lets it go at that, is surely letting the possibilities for profits slip through his fingers.

It is safe to say that the retailer who does not departmentize his stock and who does not have a quota of sales for each department is suffering in two ways.

He is suffering from a load of dead wood.

He is suffering from lost profits.

The following episode will illustrate what is meant.

A hardware store in a New York upstate town, had been operated by the owner for over twenty years. The owner was an honorable, stubborn, rather ignorant man who overcame to some extent the handicap of rule of thumb methods by sincerity and earnestness of purpose. The sales had increased year by year. At first, the increases were considerable but each year the amount of extra business was less than the previous one. The last four years had shown very slight increases in spite of the prevailing high prices.

Then he died quite suddenly, leaving the business and a widow. The business was offered for sale.

Two young men who owned a successful small hardware store in a neighboring town became interested in it and after some discussion, agreed to buy all new and staple merchandise, at inventory figure but on old unsalable or soiled goods, the market price was to be subject to a very heavy discount.

The previous year's inventory showed about $40,000 worth of merchandise. Fixtures and some tools were inventoried at $4500 but it was agreed that $500 was all they were worth. The owner had failed to depreciate fixtures year by year so was crediting himself with assets which had long since been consumed.

The stock was inventoried by a hardwareman who was called in for that purpose. The widow and the two young men both agreed to accept the result of the inventory.

To the amazement of both parties, the total inventory value was stated to be $17,000—less than one-half what the stock was estimated to be worth. Of course, it was expected that there would be a few thousand dollars depreciation, but $23,000 loss on stock—that seemed impossible; more so to the widow than to the two young men who expected there would be a substantial revision downwards.

Explanations were in order so the hardwareman who had taken the inventory explained to the widow and the two young men who bought the business how it happened.

"When Mr. Surrant opened the store, he had less than fifteen thousand dollars altogether. He was a very honorable man—we all thought the world of him,

Mrs. Surrant—he had such a cheery manner and was a crackerjack salesman so that he naturally did a good business. He was a better sales merchant than a buying merchant, and every year he found himself stuck with some 'lemons'.

"He made a splendid profit though and besides living comfortably, he was able to save a little cash as well as to increase the amount of stock on hand. This went on year after year. Every year, he managed to put a little cash into life insurance and bonds and every year his stock got a little larger.

"Then sales began to grow very slightly every year and last year there was no growth at all. On taking stock, I found merchandise which had been on hand twelve years. Take carpenters' tools for instance. I found saws which had been in stock from nine years to six months. Why he ever carried carpenters' tools, I don't know, for all he ever sold was a few for home use.

"I had to mark down lots of soiled goods and some lines were so old that I could not include them in the inventory. I'm afraid that he locked up part of his profits every year in unsalable lines."

"He never complained about having any old goods to sell," the widow commented.

"Possibly he never considered the matter, Mrs. Surrant," the hardwareman answered. "I have inventoried lots of stores and I always find unsalable stock which the owners never realized was unsalable. A merchant gets a few odd items which don't sell and he plans to get rid of them sometime. Then other matters crop up and he forgets his earlier resolve.

"Had he only divided his stock into departments he would have known instantly which goods paid a profit and which were a loss. The most unfortunate thing about the whole business is the lost trade caused through an unfortunate choice of stock."

When a merchant has unlimited capital he can afford to experiment with new and different kinds of goods. He can carry a new line of goods for a year or so at a loss if he wishes. Not so with the small retailer who has to make every dollar count. He has just so much money to use and he must plan to use it in a way that will enable him to get a return from every dollar of cash invested.

The only way he can keep his money working full time is to departmentize his stock and then only continue such departments as justify their existence.

Suppose an employer had ten men working for him and by their combined efforts he made a good profit. Does that mean that he is getting the best return for his money?

Emphatically, No!

A study of each individual man's work might show that seven men earned a good profit, one just "broke even," while two actually cost more than they were worth.

The employer would actually gain money by letting the two men go and he could warn the one who "broke even" that it was a case of "get on or get out" with him.

Instead of men, read departments, and we have the vital question of retail stock departmentization. A

store as a whole may be profitable yet still have "drones" on the shelves. The surest way of locating them is by departmentizing. This is something that the majority of retail merchants fail to do. They lump all the goods together and consider them as one unit.

It is safe to say that 95% of all undepartmentized stores are *losing money* in some departments.

And the remedy is:

1. Reduce the investment in the unprofitable departments and so release money and floor space and shelf room for other and quicker selling goods.
2. Increase the mark-up so that every sale will show a larger net profit.
3. Reduce the mark-up
4. Eliminate the department entirely.
5. Revise the merchandise in the department and stimulate the sales by attractive displays, personal salesmanship and advertising.

Which of these five courses should be followed depends upon the department, the policy of the store, and the class of trade appealed to.

The first remedy is advisable when the department that is losing money is a minor one. If the department covers staple items, or goods which are always included in the kind of store under consideration, this first remedy is difficult to apply. A hardware store may find that nails are unprofitable yet it must carry the complete stock. It is possible to reduce the amount of each kind of nail but the normal range must not be curtailed. A drug store may find its prescription department a losing venture yet if it did not carry the usual range of pharmaceuticals the short-

age would jeopardize the success of the whole store.

If customers find that a store carries an incomplete range of goods that are naturally part of the normal stock in trade, they lose confidence in the store. They assume that "Blank's store *never* has what you want" and once the public talks that way, the store so criticised is headed for trouble.

The second remedy suggested is to increase the mark-up. This obviously cannot be done on staple lines. But if the unprofitable department contains novelties or specialties of a more or less exclusive nature, this second remedy might properly be applied. Retail merchants often make the mistake of putting too small a mark-up on the unusual or novel offerings. The public pays for goods and service. If a merchant secures new and pleasing novelties he is rendering his customers extra service for which they should and will pay. Goods which because of their nature have a slow rate of turnover—furniture for example—must carry a higher mark-up than quick turning goods such as staple groceries.

Goods which are perishable, such as fruit or articles which are easily damaged, such as glass and china must have a higher mark-up than other goods which will keep perfect with ordinary care even though the rate of turnover be the same in both cases.

Many unprofitable departments can be made profitable by this second remedy.

Perhaps the department is losing money because prices are too high. People will not pay above the standard prices, if they know it. Reducing price will

stimulate sales. Increased sales mean increased turnover. Increase sales without increasing investment or expense and loss may become profit.

The fourth remedy—to eliminate the department entirely is the last thing to consider. It is an admission of defeat. Yet there are times when it is wise to recognize a futile condition and it is a sign of courage to quit carrying dead wood. If the department is a comparatively new one, the merchant should analyze carefully the demands for the merchandise in question in his community. If the demand is there, he should adopt the fifth remedy—if he finds that there is very little need for the goods of that department, it is wise to eliminate it right away.

As an example of this point, it is interesting to recall the case of a furniture dealer in a town which was the center of a thriving farming community. He had received occasional orders for roll top desks and other office equipment. This led him to put in a department of office furniture. After two years trial, he was glad to sell off the line at a loss. An analysis of the situation would have shown him that the occasional orders for roll top desks came from farmers and professional men who wanted a desk in which to keep personal papers. (Business men are abandoning the roll top desks for the more suitable flat top desks.) The number of business men in the community was not sufficient to justify the equipping of the special department.

If the new department is installed merely on the

basis of a "hunch" or snap judgment it will probably have to be eventually abandoned. It is wise to make haste slowly in adding departments to your store.

The fifth remedy should always be the first thought. Revise the line and push it. The most common reason for the failure of a department to make good is neglect to push it vigorously until the public is familiar with it. Once the public is accustomed to buy that kind of goods from the store, the "sales stream" is established and will continue so long as normal attention is given to keeping the sales stream clear and open.

A hardware store in a Pennsylvanian town put in a line of automobile accessories some eight years ago. For a time, there was a brisk business in the department. It was new and all the salesmen were enthusiastic about it. The proprietor, unfortunately, did not keep pace with the rapid development in automobile accessories and after two seasons his line was not as complete or up-to-date as that of another store in the town.

The hardwareman became interested in electrical household goods and put in an extensive line of electric toasters, percolaters, sweepers, chafing dishes, etc. The salesmen all pushed the new line with the enthusiasm that two years before had been given to the automobile accessories.

Total sales kept increasing year by year and this fact satisfied the owner that everything was well with the business.

Two more years passed with business still growing

slowly. Then the proprietor decided to departmentize his stock. The result of a careful analysis of the various departments was enlightening. The increase in the sales came principally from the older and staple departments. The auto accessories department proved a heavy liability while the newer electrical equipment department just about broke even.

The auto accessories department was revised. Old lines were closed out at a big reduction. New and up-to-date lines were added and a sales drive made.

Local newspaper advertising, window and store displays, and sales letters to automobile owners all worked together to re-create the department as a profitable venture. The salesmen once more became interested in the department and added personal salesmanship to the other sales creating efforts.

As automobile accessories had become a separate department and as its sales, stock and expenses were considered by themselves, there was no further possibility of them being neglected. Every month its showing was considered and if there was a falling off of sales, it automatically called for an increase of sales effort.

Departmentization must be carried further than stock and sales. Expenses must also be allocated proportionately to the various departments.

Salaries should be divided amongst the departments according to the amount of time each department demands. Of course, salary expense cannot be divided exactly. Indeed, no items of expense can be

divided perfectly correctly and to try to do so would be carrying a valuable retail merchandising principle to a point where it becomes red tape and a confounded nuisance. Nevertheless, expenses can be divided sufficiently exact for all sensible purposes and without creating bothersome bookkeeping.

Heat, light, telephone, and such minor items can be divided evenly between all departments. They are all small items and are not worth splitting hairs over.

Advertising should be charged to the department whose goods are advertised. "Good will" advertising, that is advertising which talks of the store itself without emphasizing any special articles should be divided evenly amongst all departments.

Supplies can be divided fairly accurately, especially if each department attends to its own wrapping. Delivery may be divided equally as also may Insurance and Taxes unless the insurance rate on any line of goods such as explosives, paint or oil is made separately.

Depreciation naturally is charged to its own department except depreciation of fixtures which may be evenly divided.

Bad debts should be spread equally over all departments. This may seem unfair until one considers that no department is responsible for bad debts. That is something for which the management is to blame. It is, however (or should be) a very small item and for that reason not worth the time and effort needed to analyze exhaustively.

There is now left the expense item of Rent. This

should be divided with care. It is a sufficiently large item to justify care in division and once rent expense has been properly proportioned no further thought has to be given to it until a rearrangement of stock or the addition of new departments makes it necessary.

The first thing to do is to divide the rent between the floors of the store (as mentioned in chapter six). Let us suppose that a store has merely a ground floor and basement.

The rent may be divided thus: 12% to basement and 3% to such part of the ground floor as is used for office, and receiving and despatching purposes. 85% to sales space.

The next thing to do is to ascertain the number of square feet of floor space in each division.

Receiving, despatching and office rent assessment may be divided evenly between all divisions, although this is sometimes charged according to the amount of goods received for each department. The storage space rent should be divided between departments according to the number of square feet required for each department's reserve stock. Passages should be charged to the department whose goods parallel them. If the passage contains stock on either side of it, the passage space should be divided down the center and that on the right hand side charged to the goods which parallel it on the right side and that on the left hand side should be treated in the same way.

So much for storage space rent assessments.

The division of selling floor space is not such a simple matter, for sales space is not all of equal value.

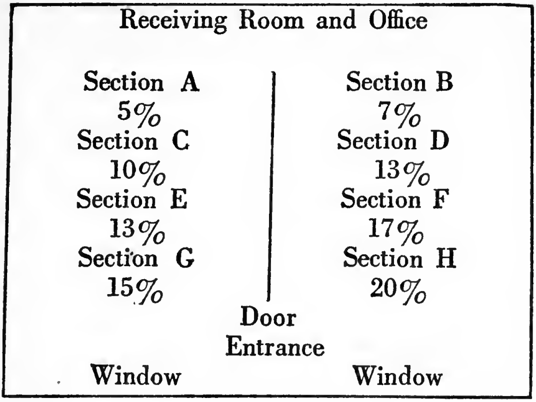
The front right hand side of the store is most valuable for sales, especially if the door is hinged on the left hand side. People naturally turn to the right on entering a store so nearly all customers see what is displayed on the right hand side "up front." The rear of the store is least valuable, for people do not go there unless directed there.

Let us assume that we have a store 40ft. × 100ft. window space extra. Suppose 20 ft. at the rear are partitioned off for office and receiving room and that there is a basement for reserve stock. Fifteen per-cent. of the rent has been divided amongst the departments for storage etc. Eighty-five per cent. of the rent must be divided between the departments according to square feet required and the value of the location of the department.

The following diagram shows normal valuation of sales space. Assuming the rent to be $2300 a year. We assign $300 to storage etc., $300 to window space (I'll have more to say on this later), and the remaining $1700 should be divided according to the percentages given.

Each section is 20ft. × 20ft. and of course contains 400 square feet of floor space.

The proportion of rent chargeable to each section is as follows:



Section A	$85.00
" B	119.00
" C	170.00
" D	221.00
" E	221.00
" F	288.00
" G	255.00
" H	340.00
Total "sales" floor space	$1,700.00

The floor space used by any department of merchandise is charged to that department according to the square foot value of the section in which it is placed.

The square foot value of each section, according to the above rent expense division, is:

Section	A	is	worth	22¢	a	square	foot
"	B	"	"	30¢	"	"	"
"	C	"	"	43¢	"	"	"
"	D	"	"	56¢	"	"	"
"	E	"	"	56¢	"	"	"
"	F	"	"	73¢	"	"	"
"	G	"	"	69¢	"	"	"
"	H	"	"	85¢	"	"	"

Amounts less than one cent are considered as one cent.

This division and valuation is not offered as one to be adopted by all stores. Each merchant must work out his own analysis according to his peculiar requirements. It does, however, offer a definite plan which any merchant can adopt and adapt to his material advantage.

Once a store has charted and valued its floor space, what a simple matter it is to charge each department with its proportion of rent.

Some merchants, having charted and valued their floor space, charge *all* expenses proportionately. This is not so exact as the method outlined in this chapter.

The sales of a department may be increased by changing the location of goods. Novelties and specialties if placed in Section A or B would have but indifferent sales because the customers would not see them. Move such novelties to section H and at once sales would spurt upward because every visitor to the store would see them and be tempted to buy.

"But," the reader may say, "you cannot put

everything up front. Something must be in the rear and if you take goods from Section H and put them in Section A will not their sales fall off?"

If they are novelties, Yes. If they are staples, No. Goods which people are always buying and which require no special display or push to sell can be, and should be, placed in the rear of the store. If a special sale is advertised of—let us say—shirt waists, the goods could be placed in a rear locality. Customers will walk to any part of the store for the bargains.

There is another advantage in placing "every-day" lines and advertised bargains in the rear of the store. Customers for such goods must pass the displays of other lines to reach the bargains they are seeking and if they see anything which attracts them, they may buy it.

Goods which require fitting, or which are of an intimate personal nature should be located in the quieter parts of the store. Clothing, underwear, corsets and such like articles requiring time and absence of "rush" to sell satisfactorily should be placed more to the rear of the store. Imagine the difficulty of fitting a man to a suit of clothes in section H!

High priced jewelry should be placed somewhat to the rear of the store. Popular priced lines should have the more popular sections. This is because a person may see an article priced at a dollar or so and because of the smallness of the amount involved will buy it without much consideration. A customer may be interested in a $150 watch but she will not buy

such an article without giving time and thought to it; the large amount of money involved blocks all "snap" purchases.

Each store has its own goods locating problems but by experimenting along the lines indicated, many of them will soon be solved.

Departmentization of stock, sales, and expenses will prove enlightening to the merchant who has always considered them as a whole. Departmentization provides a clear and definite basis from which to form policies, plan methods, and check leaks.

CHAPTER VIII

TURNOVER

While motoring through Maine last summer, we got into some rough roads. "It gets mighty rough going in a little while," said a friend who was one of the party. "You had better go slowly and carefully if you want to avoid trouble."

Well, that's where we are *now*. When we begin to get into the intricate but absolutely vital matter of Turnover, we have to go slowly and carefully if a practical working knowledge of it is to be obtained.

There is no phase of store management so misunderstood as Turnover and there is no phase of running a store which so directly affects profits as this same Turnover.

Profits—even that term is misunderstood. There is a big difference between gross profits and net profits. There is a tremendous difference between net profits on sales and net profits on capital. And this swings us right back to—Turnover.

First of all, let us decide what we mean by Turnover and the rate of Turnover of a store.

Turnover means the receiving and disposing of something. The rate of Turnover means the number of times certain commodities are bought and sold within a given period of time. Turnover refers to

goods and not to the value of the goods. True, we reduce the goods to the common denominator—money—for the sake of convenience, but it is the goods that are turned over. Get this point clear, for otherwise you may begin to get the mark-up confused with the Turnover.

Let us consider a simple example.

I have goods in stock which cost $10,000. I sell them all out and buy another $10,000 worth of goods and sell them out also. Remember, that the goods *cost* me $10,000. What I sold them for is of no consideration—yet.

Once more during a year, I repeat this performance. The rate of Turnover for the year would be three times.

That's simple enough, is it not? You would think it was impossible to get confused about it (of course, Friend Reader, *you* would not, but then, everybody is not so thoughtful as you). Yet how many people arrive at their rate of turnover by dividing their inventory into their sales and calling the resultant figures the rate of Turnover.

This is how they do it. Inventory at cost, say $10,000. Sales for the year $40,000. Therefore, rate of Turnover is four times. That is wrong. It is wrong because they have added their gross profit to the Turnover attainment.

Just to show how foolish this is, let us suppose that two men each had an inventory of $10,000 and each had sales of $40,000 for the year. One of these men sells cut price groceries while the other sells high priced jewelry.

The grocer operates let us say on a 20% mark-up and the jeweler operates at a 100% mark-up. This means that every time the grocer disposes of all the groceries, he receives $12,000. But every time the jeweler sells out all his jewelry, he receives $20,000. Thus, while inventory and sales are identical, the grocer has a three and a third times Turnover while the jeweler has only a two times Turnover.

Some people figure Turnover by dividing inventory at cost into sales less mark-up and say the resultant figure is the rate of Turnover. In other words, they divide one cost figure into another cost figure. This is much nearer correct than the first way mentioned, yet this is not accurate.

Inventory cost seldom represents average merchandise cost carried throughout the year. Stocks are, or should be, as low as possible at stock taking. By taking this sub-normal figure and dividing it into total sales at cost, we get an unnaturally high rate of Turnover.

To arrive accurately at the rate of Turnover of a store, we must divide the *average* merchandise investment *at cost* into the total sales *at cost.* The answer is the real rate of Turnover.

If you wish, you may divide the average investment plus the mark-up into the total sales. It matters not which method you use, for the result will be the same. It must be kept in mind, however, that cost figures must divide into cost figures, or sales price figure into a sales price figure.

"That's all very well," the retailer may say, "but it's an impossibility for me to know what my average merchandise investment is. I cannot keep making inventories every few weeks so as to work out an average stock figure." True enough, few retail businesses are able to take a physical inventory, every month say, without a most serious handicap to the regular work of selling. Yet, it is possible to arrive at very close estimates.

This is how to do it.

Take the physical inventory at cost and then add to it month by month for the year, the paper inventory. Then you add to these amounts the next physical inventory and total the thirteen items. Divide this amount by thirteen and you have the value (at cost) of the average inventory.

Of course, it is not absolutely exact. To get it really correct would require a daily checking up of merchandise. That would be carrying a valuable practice to a point of stupidity. The monthly average inventory is near enough for all purposes.

Let us see how it actually works out.

Suppose that sales for the year were $192,000 and that the average gross profit was 25%. The cost of goods sold would be $144,000. Even this figure would not be exact for the gross profit would not be the same on every item in the store. However, we may (and should) know fairly accurately what our average gross profit is.

Now let us suppose that on December 31, when we took stock, we had $20,000 worth of goods, at cost of course.

During January, we sold $8000 worth of goods —which cost us $6000 (taking off the 25% gross profit). Also during January, we received $10,000 worth of new merchandise.

The difference shows an increase in stock of $4000 which added to our December 31 inventory shows that we have $24,000 worth of stock on hand on January 31.

We repeat this performance for February when, let us say, sales (at cost price) were $10,000 while goods received cost $8000. Our stock on hand on February 28 is $2000 less than the previous month, or $22,000.

At the end of the year, we have something like this:

January 1	Actual Inventory	$20,000
February 1		24,000
March 1		22,000
April 1		33,000
May 1		26,000
June 1		24,000
July 1		18,000
August 1		19,000
September 1		22,000
October 1		26,000
November 1		30,000
December 1		29,000
January Actual Inventory		19,000
Divided by		13: $312,000
Average Inventory *at cost*		$24,000

Divide the average inventory into the total sales at cost: $144,000

And we have a Turnover of six times a year. This method of figuring Turnover is correct.

You will observe that we had two actual inventories in our total of thirteen items. You can check the value of the paper inventory by following out the same method of estimating merchandise on hand for the end of the year and then noting how nearly it comes to the physical inventory. There will be a difference of course, but it is only nominal. There should be nothing to lose any sleep about.

Most merchants have too low a rate of Turnover. One reason for this is that they carry too large a stock for the business. They buy too much of one line of goods and have capital tied up for months and earning nothing. Indeed, this surplus stock is eating its head off. There are expenses involved in stocking and handling the surplus stock. Lost interest on the money tied up in it and probably depreciation in the value of the goods, through getting shop-worn or damaged. Perhaps the price may go down or the style or pattern become old-fashioned. Surplus goods tied up in the shelves are potential losses.

Let us see what it means to the merchant who adjusts his merchandise investment to his sales. That is, reduces his stock so as to get the rate of Turnover nearer to where it should be. We may safely assume that a tremendous lot of retailers have 25% more money tied up in their stocks than the sales justify. Of course the whole problem of buying is tied up with this, but let us leave that for the time being—there are plenty of bumps and hummocks on this *road* without worrying about those yet to come.

Imagine, if you please, a variety store proprietor with $40,000 tied up in his store. His total sales for the year are about $225,000 and his gross profits 20%. His sales at cost therefore are $180,000. His rate of Turnover is:

40,000 [180,000.00] 4.5 times a year.

Now the normal average Turnover for a variety store is six times a year and the retailer by only getting 4.5 times Turnover is either selling too few goods or carrying too large a stock. Considering the amount of his sales, he should not need more than $30,000 worth of stock. This means that he has $10,000 of lazy money locked up in the business.

Suppose he reduces his stock to proper proportions and releases that $10,000 and invests it safely at 6%. He makes an extra $600 profit every year without any extra capital but merely by redistributing his capital so that it will pay its own board bill.

Isn't it worth while considering Turnover when it is so profitable as that?

As Turnover increases, the percentage of expenses to sales decreases. It is this principle which makes possible the "One Cent Sales" which are so popular, especially with drug stores.

The "One Cent Sale" is a special sale at which customers buy one article for the regular price and for another cent they get a duplicate article. Thus for the regular price of an article and an extra cent the customer gets two articles.

The "One Cent Sale" does not embrace everything

in the store of course but certain articles which are suitable for the purpose.

Let us suppose that the regular gross profit is 30%. For this sale, the store offers articles which when sold in pairs at the regular price plus one cent will show 15% gross profit.

As an example: Suppose that a cake of soap which sells for twenty-five cents costs eleven cents. Granted this is a large profit, but there are some lines in most stores which show large profits. Two cakes are sold for twenty-six cents and they cost twenty-two cents. This shows the 15% gross profit.

At once you may say that a retail merchant cannot afford to do it because his expenses are considerably more than that—probably 25%. Normally that would be true, but the store will do two, three, four or more times the normal amount of business during the sale period.

If sales are double and expenses the same as usual, the percentage of expense to sales is half normal.

Assuming normal expense to be 25%, during the sales they will only be 12½%. If sales are three times normal, the percentage of expenses to sales is only 8⅓%.

Speeding up sales (and Turnover) reduces expenses so much that the actual net profit might easily be greater than it would be under normal sales volume and the normal gross profit of 30%. The real purpose of the One Cent Sale however should be to clear out old stock and attract new trade.

When a store claims that it makes but 1% or 2%

profit, it is no evidence of low prices. It is more likely to be poor management. One of the most successful chain store organizations has a gross profit which is less than the average department stores expenses, yet its percentage of net profit is greater than the net profit of the department store.

Coming back to the "One Cent Sale," it has a value to the retail merchant beyond speeding up sales for a short period of time. It offers an excellent opportunity to introduce new articles.

Experience has shown that the sale for goods sold at a "One Cent Sale" is much increased and at regular price. No cut price has been mentioned. The regular price is advertised—and the extra article for an extra cent—so the regular price is remembered. Customers who like what they bought *will* re-buy at regular price. This has proved to be so time after time and may be accepted as truth.

A sale of this nature also provides an excellent plan for disposing of old stock. But don't put on a "One Cent Sale" or any special sale without advertising it properly. See that you have plenty of goods to sell, and be prepared for the rush by having as much as possible of the merchandise wrapped up.

It is possible to buy "specials" for the One Cent Sale. Manufacturers frequently have odd lines that they are glad to get rid of at bargain prices. The One Cent Sale therefore does the following:

1. Sells long profit goods
2. Introduces new goods
3. Clears out old stock
4. Pushes profitable specials

5. Increases sales generally
6. Brings new customers to the store

Handled vigorously and with ample preparation, the sale will be a success. Conducted half-heartedly the result will be such a fizzle that even the half-heart will be taken out of you.

We are not over the rough road of Turnover yet. The bumps of "relation-of-Turnover-to-profit" are still ahead of us. The principle involved here is this: As rate of Turnover decreases, mark-up increases, and as rate of Turnover increases, mark-up decreases.

A druggist has $10,000 worth of stock which he turns over three times a year at a profit of 33⅓%. That is, he puts 50% on cost. Total sales are $45,000. Expenses are, let us say, $12,000. Therefore, he makes $3000 net at the end of the year. We will agree that that is only a fair and reasonable return on his investment and work. Of course he has drawn a modest salary, but even then, the total earnings are very reasonable.

Now let us suppose that a prescription department of a drug store had $10,000 invested in it (this supposition is far fetched, but it will make clear the point), and that expenses were the same as in the previous example, namely, $12,000.

The rate of turnover of pharmaceutics may be only 1½ times a year. The proprietor sells, at cost, only $15,000 worth of goods and to this he must add $12,000 for expenses making a total of $27,000. Surely the owner's work should be as well paid as the druggist with the three time Turnover. So we

have to add $3000 more for profit. Total sales must be $30,000.

This prescription man must get 50% gross profit (and to get that he must add 100% on cost). His gross profit is much larger than the druggist's but his net profit is but the same. The amount of mark-up *must* increase as the rate of Turnover slows down or the merchant in that store with the low rate of Turnover will fail.

Ask the average business man if he thinks a 100% net profit on capital at the end of a year is fair. He will probably accuse any one getting that profit on his capital of being a profiteer. Yet, a merchant who makes his capital earn 100% may be selling to the public much cheaper than another merchant making only 10% on his capital. It's all a question of Turnover.

A grocer invests a dollar of capital in bread. He buys every morning and sells out before night. At the end of the day, he has made five cents net profit. He couldn't make less than that could he? But we'll drive down his price so much that he makes only one cent net profit a day.

There are 312 trading days in the year. So, at the end of the year, his dollar invested in bread has been turned over 312 times and so earned $3.12 or 312% profit on his investment in bread.

It's the same story of the push cart fruit vendor. He starts off in the morning with $25.00 worth of bananas. He sells out at the end of the day and has cleared $6.00 for himself. At the end of a year, he

has earned $1872 on his capital of $25.00—yet no one could accuse him of being a profiteer.

Just one more bit of humpy road and we have safely traveled this road of Turnover. Let us see exactly what it means in real hard money if we increase the rate of Turnover.

Let us suppose an average merchandise inventory of $10,000. A three time Turnover. Expenses 20% and Gross Profits 25%.

Total Sales at cost would be	$30,000.00
Add: Mark-up of 33⅓% (which equals 25% on sales)	10,000.00
Gross Sales	$40,000.00
Gross Profits	$10,000.00
Less: Expenses	8,000.00
Net Profit for the year's trading	$2,000.00

Each Turnover shows a net profit of $666.66.

Now let us assume that through more careful buying and more vigorous selling we increase the rate of Turnover from three times to four times—just one more Turnover for the year.

The gross profit on that extra Turnover will be $3,333.33. The expense on each of the first three Turnovers was $2,666.66. The expense on this fourth Turnover, however, is nothing like that. There is little expense involved on *increased* business, or business over and above the planned for amount. No more rent, heat, light, insurance, and so forth. A

little for supplies, deliveries, and a little increase in salaries—this should be a *natural* result of increased sales efforts—but that is all. Let us consider that the odd $333.33 is spent for extra expense in getting this extra Turnover.

This is the result:

Three Turnovers gave a net profit of	$2,000.00
The *one* extra Turnover gave a net profit of	$3,000.00
Making the year's net profit	$5,000.00

The one extra Turnover *more than doubles* the actual net profits.

Profits increase at an astonishingly delightful rate on all business in excess of the amount on which estimates were made at the beginning of a trading period. Not merely on account of the lessening expense percentage, but because, as sales are speeded up, old and unsalable goods become less and less evident. Speeding up the rate of Turnover keeps goods moving quickly from the shelves. Goods do not stay in stock long enough to deteriorate in value so that the old "mark-down" loss is reduced to negligible figures.

Now we are leaving this important but difficult road of Turnover. As we leave it, let us be sure that we do not confuse increased sales with increased Turnover. Increased Turnover comes from making more sales from the same amount of merchandise investment. Increased sales may merely be the result of increased capital.

We are still on the same road, but the name of it changes now to Profits. You cannot go along either road without having to also travel the other.

CHAPTER IX

THERE IS PROFIT AND PROFIT

William Wendle was a young man. He was too young in experience, if not in years, to run a retail store. Yet, having inherited a few thousand dollars from a grand-aunt, he bought a small credit grocery business.

At the end of the first year's trading, he drew off a profit and loss statement (with the aid of a book-keeper who came evenings and managed to keep some kind of order in the books). Then he spent a decidedly disquieting day, for the profit which he was sure he had made was not there. So far as he could see, he had worked hard all the year, done a good business, and all he had to show for it was a slight shrinking in capital.

"My sales were $48,000 and I *know* I've cleared a net 5%, so that I should have a profit of $2400, but the books show a little loss." He studied his inventory figures, he actually compared numbers of items in stock with the inventory—but the inventory was correct. There was no question about it.

"Are my salespeople honest?" At once, he dismissed that thought as unworthy of him. He knew them all too well to doubt their loyalty—yet where had the profit gone?

He called in his friend, the bookkeeper, and explained to him that his expenses were 20%. "High, I know," he explained, "but I do a fairly good credit business. I made a 25% gross profit so that I made 5% net. But it has gone!"

A few minutes' effort by the bookkeeper, and the trouble was located. It was the old tripping rope of cost and sales profit. An article cost, say $10.00 and William would price it at $12.50. Thereby making 25% profit *on cost.* He then had expenses of 20%, but they were 20% *on sales* price. As 25% on cost is just the same as 20% on sales, William had been selling goods at cost price.

This question of the difference between profit on cost and profit on sales has bothered numberless retailers. Let us see if we cannot get a clear idea of it.

All percentage should be figured from *sales* price. All statistics should be based on SALES. Expenses are based on sales because it is from the proceeds of sales that expenses are paid. Sales produce the cash which pays for merchandise, for expenses and provide the where-with-all to keep the proprietor's children provided with porridge.

Cash is the final measure of a store's success. Cash is the ultimate object for which a store is run. Sales (which represent cash—or bad debts) therefore is the only logical basis for any statistical data.

But the goods which are sold have first to be bought and the mark-up has to be put on the cost price. It is necessary that we understand how to figure profit

on cost so as to insure making a required gross profit on sales.

Let's work it out.

Suppose we want to make 30% gross profit on an article which cost \$4.20. As 30% represents the amount to be added to the \$4.20 to give us the selling price, which is of course 100%, the cost price represents 70% of the sales price. This is very elementary, but it is presented as simply as possible because unfortunately, so many retailers do get tangled up in trying to figure a required gross profit from a cost price.

Our old friend the "rule of three" can now be of use to us.

If 70% of the sales price		=	\$4.20
1% " " " "	(4.20/70)	=	0.06
100% (100×.06)		=	\$6.00

\$6.00 Selling Price

PROOF

\$6.00—30%=\$6.00 less \$1.80 or \$4.20
Cost of the article.

Having learned how to arrive at the gross profit, let us also distinguish between *gross* profit and *net* profit.

Gross profit is the difference between sales price and cost price. Net profit is the balance left of gross profit after all expenses are paid. While we must

know what our gross profit is, we must not forget that *net* profit is what pays dividends on invested capital.

Beware of the concern which talks glibly of the splendid gross profits they make. "Gross Profits" is a term often used to cover up a mass of bungles. It sounds alluring to hear that a business makes 40% profit—but when you find out that it is 40% gross profit on sales, it does not mean anything.

"Gross Profit" will mean net loss if expenses are greater than mark-up.

It sounds interesting to be told that a business makes 5% net on its sales—but if you are an investor, that doesn't mean anything beyond the fact that the company is not losing money.

Suppose a concern had a tremendously heavy dead expense—capital locked up in elaborate fixtures, etc. Its merchandise investment might be only 25% of its tied up capital. If its Turnover was exceedingly slow—say but one time a year—the 5% net profit on sales would be but 1% on invested capital. A very insignificant return for investment!

Net profit on sales means little to an investor without a knowledge of how much of the company's capital is used for merchandise and how often that merchandise is turned over in a given trading period.

The net profit on capital is of course the interesting item and even here the net profit should be in the form of CASH, real honest-to-goodness hundred-cents-to-the-dollar money. If a balance sheet shows a profit which is accounted for by an increase in mer-

chandise don't get wildly enthusiastic about it. Merchandise is *not* profit, it is only *potential* profit or potential *loss*. The only kind of profit that justifies three rousing cheers is a cash, C-A-S-H one.

Interesting little topic, this, isn't it? This, and its twin brother Turnover.

It has already been mentioned that gross profit is the difference between cost and sales. But many retailers are not sure of their costs. It is generally agreed, however, that cost price represents the invoice price of goods plus all charges incurred in getting the goods to the store or warehouse.

If merchandise is shipped to the retailer freight collect, the freight charges should be considered as part of the cost of the goods. Any insurance or teaming expense should also be added to the invoice price. Cash discounts, however, *should not* be deducted from cost price, but accepted trade discounts should be taken off cost price.

Screws for example, have a trade discount which sometimes runs as high as 90%. The trade discount is something which all purchasers get whether they pay promptly or not.

These trade discounts, in many cases, are used because the price of the article changes frequently. Rather than to issue new price lists continually the makers have adopted a fixed standard price list from which discounts are taken. Then, whenever a change in price is necessary, all that has to be done is to announce a different trade discount.

Discounts which are allowed for prompt payment

and which one loses if payment is delayed beyond a specific time should be ignored in considering cost price. A cash discount when earned is *profit.* It is something which is earned by being able to control one's finances so skilfully that prompt payment can be made.

We should distinguish between buying profits and selling profits. Buying profits are the result of taking cash discounts, of buying for spot cash at below market price and by buying merchandise which advances in price while in stock.

Of course, the average retail merchant may not care to bother with keeping buying profits separate from selling profits, but he chould certainly remember that buying is as responsible for profits as is selling. If he is skilful in anticipating the market and in being first to offer novelties, let him credit a portion of this profit to "buying."

The writer believes that the present accepted method of figuring costs is illogical. To be logical, the cost of an article should be the invoice price of the goods plus all the bare expenses involved in warehousing and handling the goods until sold to the consumer.

Especially necessary does this appear in view of the recurring agitation to have cost prices placed on goods. When a manufacturer buys raw material, he does not call the cost of it his cost price for his finished product. Neither should the retailer consider the invoice price on his goods his cost price. He should add his rent, general expenses, insurance,

taxes, office and supervision salaries and all expenses except those directly concerned with selling to his invoice price and consider *that figure* his cost price.

Naturally, much care is necessary to see that these items of expense are properly proportional. If this is done, retail merchants would be spared the illogical criticism of "too much profit" which comes from more or less public men whose main knowledge of retailing comes from taking home "some things" for the family.

Cash discounts are closely connected with profit. "Two per cent. ten days" is too important a source of revenue to be neglected but how few retailers secure all their discounts. It is better by far to borrow the money at 8% per year than to lose any cash discounts.

A merchant's credit rating is enhanced if he earns the reputation for being prompt in the settlement of his bills.

That reason alone is sufficient to justify borrowing from the bank to pay creditors promptly. But the difference between bank interest paid and cash discount saved is too great to lose.

If you let the account run for thirty days before paying (at which time it is due *net*) you are really borrowing money from the manufacture for twenty days. You are allowed ten days of the thirty in which to get the cash discount. This means that you pay 2% for 20 days use of the money. This equals 3% for 30 days or 36% a year. No business can afford to borrow money at such usurious rates.

Borrow from the bank at 8% and use the money to save 36% and you make 28% profit on the borrowed money.

The following table covers the average discounts allowed in various lines. Study it. Realize how much it costs you to lose discounts and you will gobble them up like a hungry turkey gobbles corn.

1% Cash 30 days net	12% per year
2% " " " "	24% " "
3% " " " "	36% " "
5% " " " "	60% " "
8% " " " "	96% " "
1% 10 days 30 days net	18% per year
2% " " " " "	36% " "
3% " " " " "	54% " "
5% " " " " "	90% " "
8% " " " " "	144% " "
1% 10 days 60 days net	7.2% " "
2% " " " " "	14.4% " "
3% " " " " "	21.6% " "
5% " " " " "	36% " "
8% " " " " "	57.6% " "

One more fact about profit. It is impossible to get 100% profit unless you have the goods given to you (or unless you go out with a big sack on a dark night and see what you can commandeer).

One hundred per cent. represents the total selling price. It is the old story of the difference between profit on cost and profit on sales. When a man says he gets 100% profit, he really means he gets 50% profit. If he puts 100% on the cost of an article, he really gets 50% profit on the sales price.

If an article cost a cent and sold for a dollar, the profit would be 99%. If it cost a cent and sold for $10.00, the profit would be 99.99%. You can never get 100% without getting the goods free.

The following table may prove helpful in realizing the difference between cost profit and sales profit.

20% added to cost	=	16⅔% on sales
25% " " "	=	20% " "
30% " " "	=	23+% " "
33⅓% " " "	=	25% " "
40% " " "	=	28+% " "
50% " " "	=	33⅓% " "
60% " " "	=	37+% " "
75% " " "	=	42+% " "
80% " " "	=	44+% " "
90% " " "	=	47+% " "
100% " " "	=	50% " "

CHAPTER X

SPEEDING UP TURNOVER

Some clever man once said, "First, find out what ought to be done. Then do it."—Just like that. Simple, isn't it? Yes, if you know *how* to do it.

So many people, on realizing that things are not always what they should be, remark that "Something should be done about it." They remind me of Mark Twain when he said that people were always complaining of the weather but no one ever did anything about it.

We have found out that the retail merchant should speed up his Turnover. Now let us consider how to do it.

There are three methods of doing this:

1. Maintain the volume of sales, but reduce merchandise investment
2. Maintain merchandise investment and increase sales.
3. Reduce merchandise investment and increase sales.

This third method will usually be the best one to adopt. We may accept it as truth that the majority of retail merchants carry too much of one kind of stock. Many retailers buy too heavily when they do buy, with the result that their capital is tied up in too small a variety of merchandise.

Every different article added to the variety of goods offered for sale increases the opportunity to do more

business. If a man sells tack hammers and nothing but tack hammers, he can only do business with people needing tack hammers. If he sells tack hammers and scrubbing brushes, he can do business with more people. Every new item added increases the possibilities of business.

It follows, therefore, that the larger the variety of articles offered for sale, the greater volume of business should be done. By buying frequently small lots of goods a merchant can maintain a much larger range of goods than he can if he buys larger amounts in one shipment.

There is a danger involved in the buying principle of "small lots ordered frequently." A merchant may buy such small quantities that he finds himself frequently out of desired merchandise. It requires no small amount of skill to arrange deliveries so that there is no "gap" between deliveries and but little stock in hand when the new shipment arrives.

If a retailer errs at all, he should err on the side of too much rather than too little. Lost sales because of being out of stock of requested articles are expensive for two reasons. First, there is the loss of profit on the lost sale. Second there is the negative effect on the customer.

On being told "Very sorry, Madam, but we are out of that size frying pan," the customer leaves your store and goes to your competitor. He will have the size frying pan she wants (it generally happens that way, doesn't it?) and the customer buys from him. She will think his stock is more complete

than yours and may decide to trade there in the future.

If you will keep a careful record of the speed of sale of an article for the year, you have a good basis from which to judge the size of orders. You know that you sell about three dozen frying pans a month let us say. You are then safe in ordering three dozen frying pans a month and thus have the income of frying pans equal to the outgo.

The reason for buying a quantity of goods at one time is usually price. The salesman quotes, say, $12.00 a dozen for frying pans, and then says, "But if you'll order a gross, I can let you have them for $11.50 a dozen."

The retailer agrees that he saves $6.00 by buying the gross and "a dollar saved is a dollar made" so he buys the gross. He then has enough frying pans to last him for four months.

Now, let us see how much he loses by the transaction. He has $108 more than necessary locked up for one month on frying pans—he can sell three dozen in a month and that is his normal stock.

If he had invested that $108 in other quick selling merchandise he should have made a net profit of not less than 6% or $6.48 for the month. For the second month, he has $72.00 surplus investment which should earn $4.32. The third month shows $36.00 tied-up-capital which should show $1.96 profit.

These three profits amount to $12.76. Deduct from this the saving in price of $6.00 which he made by buying the gross at once and we see that the merchant actually loses $6.76.

Not only that, he lost the customers for the other goods which he could have bought with the capital unnecessarily tied up in frying pans.

I mention frying pans merely as an example. The Turnover in frying pans would be nearer six times a year than the twelve times used in the example.

I am not advocating that one should never buy but a handful of anything at one time. There are times when you can "go the limit." For instance, suppose that these frying pans for which I paid $12.00 a dozen sold for $1.50 each were offered to me in two gross lots for $7.75 a dozen. I'd buy the two gross like a flash. But I would not put them in stock and dribble them out for $1.50 each at the rate of 3 dozen a month.

No, sir! I would make a splurge with them. I would mark them 95 cents each special and try to clean out the whole two gross in a couple of weeks. I'd talk frying pans to every customer who came into the store. I'd advertise frying-pans in the papers for the benefit of those who otherwise would not come into the store. I'd just live frying pans for those two weeks.

In other words, buy quantities when the price justifies it, but speed up the Turnover by offering them at a price which will encourage quick sales.

If you want to sell a lot of anything, you must buy a lot of it first. But, don't buy a lot merely to put into stock. Make your profit come from quick Turnover, not from "quantity prices."

Another way to reduce the merchandise investment

in any department of a store is by reducing the variety of goods. This is especially useful in stores which handle advertised lines. Soaps, razors, tooth-paste, proprietary medicines, underwear—any of that range of goods which embraces many makes whose main difference is the name.

A certain hardware store carried nine kinds of safety razors. Analysis showed that four makes sold readily. The other five makes sold but occasionally. The proprietor cleared out the five slow selling lines and concentrated on the four which maintained a brisk sale. The very occasional lost sale on the discarded makes was of little consequence compared with the saving in investment which saving was put to work in other really profitable ways.

A drug store reduced the number of its proprietary medicines from fifteen hundred to six hundred and so far as total sales were concerned no loss was incurred. This would tend to show that the customers who asked for the little known proprietary article will take something else if necessary.

This would seem hard on the small maker of such lines, but if the small maker wants to "get in" and hold a place with his better advertised (and therefore easier sold) competitor's goods, he must offer the retailer a long profit, long enough to encourage the retailer to carry and display his line.

The retailer is urged to go over his variety of stock and eliminate those numbers which have an indifferent sale. It really does not pay to lock up capital indefinitely for an occasional sale. The

customer who *must* have some special make of hose, let us say, may be willing to wait until the store gets enough for her order. If she won't wait, she will have to go elsewhere.

In line with the elimination of certain makes of goods, is the elimination of certain patterns in goods. Instead of carrying several hundred widths and colors of ribbons, just carry the range which cares for 95% of the trade. You will probably find that 25% of your ribbon stock represents but 5% or less of your sales. Just think what it would mean to the retail merchant if he could release 25% of his capital invested in *all* his stock. And he can do it if he will follow these suggestions. Not only that, the amount of business he will lose will be so trifling that the normal increase of business will more than take care of it. The released capital can then be invested elsewhere or used to add new departments to the store.

After the merchandise has been adjusted to a quick-turning basis, the question of increasing sales can be considered.

Sales can be increased by several methods:

1. Selling larger quantities of goods
2. Selling larger sizes of articles
3. Selling better qualities of merchandise
4. Selling articles associated with those purchased
5. Selling seasonal articles
6. Selling novelties
7. Selling special bargain offers

Let us take up those methods one by one.

Selling Larger Quantities:

Instead of selling flour by the bag, try to sell it by the barrel. People will use more of an article if they have plenty of it than they will if they buy from "hand to mouth."

A grocer had a very heavy stock of bottled olives to retail at thirty five cents a bottle. They were moving very slowly until the grocer instructed the salesmen to offer them at $2.10 for six bottles. To the surprise of the salesmen, people responded to the quantity appeal and the stock was quickly sold.

There were two men selling apples from their barrels. One of them sold out before the other had got rid of half of his stock. The reason is that the second man would always quote his apples at "A nickel a piece, three for fifteen" and then wait for the passer-by to decide what he wanted.

The first named man acted very differently. When asked the price of apples, he said, "fifty cents a dozen" and proceeded to count the apples into a bag. Some customers would stop him and ask for three, others were satisfied with half a dozen, but many bought the suggested number.

Try it, you will be delighted with the result.

Selling Larger Sizes—is closely related to the first method. Next time you want some liver salts, say, go to the drug store and say, "Liver salts, please," and the salesman (or woman) will probably pass out the smallest size sold. Ask for a bottle of ink at your stationer's and you will be offered a 10 cent

affair nine times out of ten. It would be just as easy to sell a pint bottle of ink (and then a nice ink stand, perhaps).

When the young man proudly marches the sweet, coy young miss to the candy counter and asks in a lordly air for "A box of candy, please," the salesgirl may offer a half pound box; possibly she will offer a pound box, probably she will botch the sale by asking, "What size d'yer want?"

What she should do is to show a two pound box, and if she has any larger in stock, the next size larger. What a hit that young man will make with the aforementioned sweet, coy young miss by presenting her with a *real* box of candy. Give him the opportunity to make a hit.

A drug merchandiser who sold aspirin in boxes of ten and in bottles of 100 decided to experiment with them to see if the people would buy the larger size.

For two weeks, he instructed all the salesmen to offer the ten in a box size to every one inquiring for aspirin. For these two weeks, his sales ran at the rate of sixty five boxes to one bottle. Then he reversed the order and told the salesmen to always introduce the 100 in a bottle size first. The result was startling. For every seven boxes sold, he sold one bottle. In other words, by introducing the bottle size first, he increased the sales of aspirin nine times to the same number of customers.

Now for method three, Selling Better Quality. A woman goes to a dry goods store and asks for some

cheap gingham. The salesperson shows cheap gingham and the customer buys it. Suppose she had shown some cheap gingham and then shown some better quality gingham saying, "This gingham costs a little more in the first place but considering the extra wear you can get out of it, you will find it actually cheaper than the gingham you first saw. Not only that, but the pattern and coloring of this better quality is so much more pleasing, isn't it?"

By selling the customer the better gingham, the salesperson is actually benefiting the customer as well as increasing the amount of the sale.

A woman went to a hardware store for an enameled iron sauce pan. The salesman showed the enameled sauce pan and then showed a cast aluminum one of the same size. He explained to her the advantages of cast aluminum over enamel. No possibility of chipping, the bottom could not burn, and endless wear as well as such a pleasing appearance.

The price of the aluminum sauce pan was considerably more than that of the enameled one, but the customer paid the extra amount. And that was merely the beginning of a series of orders from that customer for aluminum wear.

The better quality article is invariably the cheaper in the end. The salesman who will construe his goods into lengths of service will convert many customers from the less desirable low-priced goods to the satisfaction-giving, better quality goods. A thorough knowledge of one's line is necessary, however, to the successful selling of quality merchandise.

A shoe salesman always construed shoes into months of service cost. For instance, in selling a pair of six dollar shoes, he would say "These will stand one repairing which will cost three dollars making the final cost nine dollars. You can get three months steady wear so that these shoes really cost you three dollars a month.

"Now these shoes at ten dollars will stand two repairings at three dollars each so their final cost is sixteen dollars. But these shoes will give you eight months steady wear so that they only cost you two dollars a month as against the lower first cost shoes which really cost you three dollars a month."

Is it any wonder that his customers buy the better quality shoes!

Fourth method. Selling Associated Articles. This is a splendid way to increase sales. Nothing is used absolutely by itself. There is always something associated with it. Find out what it is and tell the customer. She will probably thank you for reminding her of it.

It is a real service to the customers and may save them the time and annoyance of having to return for that associated article. Save that trouble in the first place and win their appreciation for your thoughtfulness, as well as increasing the sale for your store.

When a customer asks for a bottle of ink, she possibly needs a pen and pen points. Then she wants something to write on, so stationery is in order. Having written the letter, she needs to blot it, so sell her some blotting paper. Then she may be

interested in the fad of sealing wax and then—but good gracious! the list can go on indefinitely. One thing leads to another, so the saleman has an easy task to introduce goods in which the customer is interested even though she may already possess them.

A man buys a shirt. The salesman *ought* to sell him some cravats. Every man is a cravat buyer on the least provocation—"*provocate*" them.

A mother buys a pink dress for her little girl. Of course she needs hair ribbons to match, and if the saleswoman omits to remind her of it she is not considering the best interests of the customer.

The shoe salesman should sell shoe trees to his customers. The market man, having sold Mrs. Housewife a roast of beef, introduces the potatoes, squash and so forth that go with the roast. The camera salesman, having sold a camera, naturally sells several rolls of films and then reminds the customer that the store does all kinds of good developing and enlarging.

Absolutely, there is no limit to the use of suggestion in selling and it is a fascinating game to play. One begins to study the *uses* of goods as soon as one begins to suggest associated articles. Incidentally, it pays a splendid cash profit.

The fifth factor is Selling Seasonal Articles. Just think of the grocer's possibilities for extra sales of seasonal articles at Christmas time, and spring time, and summer time, and— well, *all* the time. The trouble with so many grocers is that they evidently expect the customer to remember what is in season and then to ask for it.

The grocer who wishes to keep seasonal goods moving will tell every customer about them. Suppose at Christmas time he puts in a line of those toy crackers. You know the things I mean, you hold one end and "she" holds the other end, then you pull, and a tremendously tiny pop follows. Then you tear open the wrapper and find a crime on poetry which probably rhymes "love" with "dove" and "true" with "blue." Finally, you unfold a paper cap, the wearing of which has to produce the exhilaration formerly supplied "from bond."

Well, the grocer puts in a stock of them and to be successful, he must sell them all before Christmas. If he merely places them on his counter and leaves them to sell themselves, he will probably have some left the following August—which will convince him that people have quit buying such things.

Let him place a box before every customer and say, "Of course, you'll want a box of Crackers for Christmas Day. Lots of fun, aren't they?" and he will find customers agreeing with him. When he 'phones his "regular" trade, he will first take their order and then say, "Of course you'll want a box of Crackers for Christmas Day. Lets of fun, aren't they?" and his regular 'phone trade will agree with him.

Seasonable goods are a splendid success, or a miserable failure. They are a splendid success if you push them while the season is there. They are a miserable failure if you have more than 5% of them left when the season has passed. More than

5% left over of such seasonal articles means that the profit on all that were sold is locked up in goods which have no sale until the season comes again. Very few items are worth their cost after being carried from one season to the next.

Seasonable goods are easy to sell if introduced because people are interested in them at that time. The hardware man who fails to talk paint to home owners in the spring is failing in his duty to his customers as well as turning his back on legitimate profits.

List up the seasonal articles in your store. Note in your diary just when the demand begins each year and start right in at the very beginning of every season to tell every customer about the seasonal articles. Articles in which they would naturally be interested.

Your store will get a reputation for progressiveness. The customer will realize how complete and up-to-date your stock is. More important still, you will reduce to negligible proportions the left overs of seasonable stock.

Remember that Turnover means profit while left-over means loss.

The sixth method for increasing sales is by Selling Novelties. Paraphrasing the famous recipe for hare soup, you must first get your novelties and that is a matter of skill and vigilance in buying.

Seldom does a retailer get real novelties introduced to him in the regular way. True, the wholesalers' salesmen show him every new thing they have, but they

show the same new things to every other customer they have. The result is that the "novelty" ceases to be a novelty because everybody has it.

Wise is the retailer who follows the advertising in his trade journals, for there he will often learn about a real novelty which may not to be introduced to him through his regular house.

Some years ago, a tobacconist saw that a competitor had a window full of a very attractive looking novelty ash tray. It was an unusual appearing box like affair which had a trap door through which the ashes disappeared. His competitor did a big trade in them and he was anxious to get some, for he had received several requests for them.

His regular smokers' specialties house did not carry them. The traveling salesman promised to see what he could do, but that did not get the ash trays. A representative of a trade journal visited the tobacconist one day and was asked, "Can you help me? I want to know who makes that——ash tray (the "——" is not bad language, Friend Reader, it is merely to indicate the name of the ash tray).

"Don't you really know?" queried the trade journal man.

"Oh, yes," the tobacconist answered sacastically, "naturally I do, that's why I'm asking you."

"You subscribe to our journal, don't you?"

"Sure, have done so for years," was the tobacconist's reply.

"Got any of the recent issues around?" was the next question.

For reply, the tobacconist dove under the counter and brought up several issues still in their mailing wrappers.

The trade journal man glanced at them, and said, "These were all issued within the past two months. Open any one of them."

This the tobacconist did. The trade journal man then ran his fingers through the leaves until he found what he wanted. Turning back the journal at the desired page, he passed it to the tobacconist.

There, boldly displayed was a quarter page advertisement of the much sought ash tray. The tobacconist gazed at it in astonished surprise and finally gasped, "Well, I'll be jiggered!"

"It's been there for the last ten weeks," the trade journal man announced. "If you would take the trouble to look at your trade journals, you'd find lots of things that would mean real money to you."

The best way to get novelties is to visit the markets. Don't wait for everything to be brought to you. Go to the manufacturers and jobbers and look for the unusual. Then be audacious enough to buy.

A real novelty commands a much larger profit than a regular every day article. The public is willing to pay not merely for the article, but for your skill as a buyer. The more skilful you are in getting new ideas *first* the more they will pay you for them.

As soon as your friend-competitor offers your novelty it is time for you to drop the price to the ordinary margin of profit and offer something else.

To every customer who comes into the store, you

can, and should mention your latest find. Follow out this plan, and you will be delighted with the quick Turnover you will have of novelties. It's lots of bother to be everlastingly on the hunt for something different but after all success is merely lots of bother tied together with common sense.

The seventh way to increase sales is by Bargain Offers. An example of this was given in the fry pans at the ninety five cent episode. The wide awake retailer is always running across special lots of goods at prices far below normal. By buying them and making the price low, a quick Turnover is assured. Of equal importance is the impression for big value created on your customers. They will reason (truly I hope) that all your goods are big values.

But these bargains must be introduced just the same as the other articles mentioned. Goods will not sell themselves. You cannot have big bargains all the time, you can't have novelties all the time, but you can always have *something* worth special mention to every customer.

Sales come from customers. The volume of sales comes from the number of customers and the amount each spends.

Advertising, window displays, and satisfied customers all help to increase the number of customers to the store. Salesmanship helps to increase the amount of money which each customer spends in a store.

Of course, every merchant should plan to get more customers into the store and to take more from each one. The latter process is the easier.

You'll admit that it would not be such a terribly hard matter to sell an extra 25 cents' worth of goods to every customer coming into the store. That is, to increase the average per customer sale by 25 cents. Let's be modest and plan to increase the average sale by only 10 cents.

Now imagine a grocery store with five salesmen each averaging 400 customers a week. That is 2,000 customers altogether. By following out one or more of the seven methods given, the average sale is increased ten cents. This gives an *extra* amount of business every week of $200. The gross profit is about $40.00. And as this is extra business, there is practically no expense involved. Let's say that it cost $5.00 extra every week. That leaves $35.00 net profit every week or an actual net cash profit of $1,820 a year just by adding a single dime to the value of each sale.

Tell your help about this, start in *to-day* adding ten cents—fifty cents, any amount you decide upon as fair for your business, to the average sale. Try it —and you'll want to write and thank me for the suggestion before the next sixty days are gone. To do this requires salesmanship and while we talk about it, we sadly neglect opportunities to apply it. So, we'll consider the matter of salesmanship next.

CHAPTER XI

THE LOST ART OF SALESMANSHIP

Ladies and Gentlemen, before introducing some Rules and Practices for the Retail Salesman, I will invite you into my Chamber of Horrors. In it, you will meet some of the Crimes against Salesmanship. They will be reminiscent of similar perpetrations you yourselves have witnessed.

While you may own stores for yourselves, you also buy from stores. Seldom does the retail merchant, on receiving an excellent example of how *not* to sell, wonder how many similar slaughtered sales occur in his own establishment.

Ladies and Gentlemen, walk this way and view:

EXHIBIT NUMBER ONE

It was a beastly wet Saturday morning—one of those days when even the sweetest of dispositions sours on itself.

Most business men are busy on Saturday morning. There's a rush and hustle in trying to do a day's work in a few hours.

That morning my wife had laid down the law that I buy some shirts. I protested that I hadn't time, but after a brief discussion, I capitulated—naturally.

On my way through the sloppy streets, a passing

automobile christened me with mud. I bumped into two people, and arrived at the store with my usually sweet disposition decidedly curdled.

A cheerful man about forty-five years old, with sandy gray hair a little thin on top, asked me what I wanted.

"Shirts," I snapped.

"Shirts? Yes sir. What kind of shirts do you want?"

"I don't know what kind I want. Just shirts, ordinary shirts! Show me something, please."

"Size?"

"Fifteen, I think."

Without another word, he dumped two piles of shirts in front of me. Then, "Anything there suit you?"

"What's the price?" I asked irritably.

"These are $3.00 and those are $3.50."

"What's the difference?"

There I was, rushed for time, peevish (as must have been obvious to every one) and as cross as two crooked sticks. I was not in the mood for pleasantry. Yet what do you think that first cousin to a Cheshire cat said?

"Fifty cents—ha! ha!"

Then I got beastly sarcastic. "Is that so? I see I've got into a cheap vaudeville house by mistake. I'll get out and go to a store."

Across the street I went through a similar performance until I asked the difference (in this store) between the three dollar and the four dollar shirt. The

salesman told me that the four dollar ones were better quality.

A poor enough answer, but better than the first man's. I bought some—bought is the right word for the salesman never attempted to sell me anything. His whole attitude was "Do as you please, but hurry up and get out."

This episode occurred in two of the leading department stores in the country. Stores which pride themselves on the "training" they give their help.

YOUR KIND ATTENTION PLEASE TO EXHIBIT NUMBER TWO

Seldom am I shaved by a barber. That's an operation I have performed for myself ever since the days of early adolescence when the barber asked "Shall I shave up or down," and I foolishly said "Down." Then he sprang the old wheeze, "That's all there is to shave—tee hee!"

Occasionally, I have to visit the barber. When my hair gets so long that I feel an attack of rhyme making coming on, I get it cut short—both the hair and the rhyme making.

Recently I had to pay the barber one of these infrequent visits. I entered the shop, trying to look innocent under the guilty load of hair. Soon my time came and in response to "Next" addressed to a bottle of Brilliantine, but meant for me, I sat in a chair and was "swaddled."

I always read while having my hair cut. Time is too valuable to sit for twenty minutes doing nothing.

Before long, bunches of hair fell on my book. The barber leaned forward and blew them off. It was kind of him, of course, but I wish he had not done it. I had a too intimate knowledge of a by-gone meal.

When the operation was over and my hair once more reduced to "normalcy," the barber stood off for a moment, looked at a jar of massage cream and guessed, "Nothing else I suppose?"

I had had some vague notion of having a shampoo, but I couldn't break his heart by letting him think he had guessed wrong, so I said, "Quite right."

"Yes?"

"Quite right, nothing else."

"Oh." He removed the cotton batting, the towel, the sheet; flicked my face with a whisk broom, and wiping his hands on my hair, looked at his reflection in the mirror and asked himself, "Wet or Dry."

I answered for him, "Dry."

In another minute I had tipped him, paid the check, bought back my hat and departed.

And I had a feeling of dissatisfaction. I had been just "a hair-cut" to that barber and not a human being. . . . Oh well.

EXHIBIT NUMBER THREE

"George," said a charming wife and mother, "little Charlie needs some new union suits. I wish you would bring them home with you. Will you?"

George, being a properly married man, agreed. Charlie aged eight was the younger of two boys. "Each of these boys," as their father expressed it, "wore out clothes faster than the other."

The husband laughed indulgently when he said this, for, being a wealthy broker, money did not worry him.

He forgot about the union suits until on his way to the 5:15. He lived in the suburbs.

"Too late to go back to the usual store," he muttered to himself. Looking around he spied a neat looking men's furnishing store, which he entered.

Behind the counter was a middle aged man wearing seedy looking clothes and a woebegone expression. He raised his already elevated eyebrows and gazed mournfully at George.

"Show me some union suits for a boy of eight."

The sorrowful salesman showed signs of life and turned to the shelves. "I gotta great line here. I gotta kid eight myself."

He laid some suits on the counter with, "Them's a great buy. We bought 'em offen a drummer last month. They's seconds, but you couldn't spot 'em from perfects."

George picked up a suit dubiously.

"How much?"

"Dollary fifteen."

"Hm-m—are they really good suits?"

"Good? Say I bought a couple of 'em for my kid."

George looked at the run-to-weed man behind the counter and egotistically compared himself to the salesman. "He gets about thirty dollars a week and lives in some bit of a flat. I'm sorry for his youngster, but mine wants something better than that and shall have it. He may buy seconds for his boy but I want the best for mine."

Aloud, he said, "Just the same, show me something better."

The salesman looked as though he'd been personally affronted and brought out some suits and said sulkily, "Three dollars, the best we sell."

"Give me six of them," snapped George. He was told to buy only three but he could not help buying a full box just to show the salesman there was no comparison between them.

Of course George was a snob—but there are a lot of Georges around.

THIS WAY PLEASE FOR EXHIBIT NUMBER FOUR

Edgar Moss is a tailor, and nine-ninths of a man as well. He has a small suburban business and turns out good work.

He will never be more than a small suburban tailor because he has one serious fault. If ever a customer makes a complaint, Edgar will invariably do all the customer requires. But before making the adjustment, he will have an argument about it.

Here's a typical case.

A customer had bought a suit of clothes and ordered two pairs of trousers with them.

In due time, the clothes were ready for a try-on and after the usual chalking, and tearing apart and pinning together, a satisfactory fit was made.

The suit was then finished and delivered. When the purchaser put it on, he found it was a capital fit. One small omission he noted, however. He always had two pockets inside his vest, one on each side.

Edgar had put in only one, the customary one on the right hand side.

He took the vest back and said, "Mr. Moss, you've forgotten to put the inside pocket in the left side of the vest. Put it in please, and send it up. The suit is all right but for that."

"You didn't order one put in there," Moss argued as he scowled at the vest.

"I always have two pockets, Mr. Moss, and if you'll look at what you've made me before, you'll see that you have always put them in. You should have remembered it."

"You can't expect me to remember everything a customer had two years ago. It's your fault if it isn't in. Unless a customer tells me about the unusual things he's to blame if they are not there."

The customer looked cross, "Well, anyhow, put it in and remember it in the future."

"Oh, I'll put it in, but it's a lot of extra work and if you'd mentioned it, it would have saved me a lot of time," Edgar grumbled.

"Good heavens, man," snapped the now exasperated customer, "put the darned pocket in and charge me for it. But, it's the last suit I'll have from you."

"I'll put it in, of course, and there'll be no charge for it, but just the same, it's not my fault." Edgar took the vest to the rear of the store grumbling to himself as he did so. The customer banged the door expressively as he left the store.

The next day the vest was delivered O. K. No charge was made for the change for which the custo-

mer was possibly to blame. It was not reasonable to expect that little tailor to remember all such details.

Had the tailor made the adjustment cheerfully, the customer would have been quite satisfied. As it was, the customer now goes elsewhere for his clothes.

EXHIBIT NUMBER FIVE NOW CRAVES YOUR ATTENTION

My Friend Edward told me this.

He wanted a popular talking machine record, which was numbered—oh, call it 37152.

Now Friend Edward is one of those quiet, unassuming, brilliant chaps who say little, but think in chunks. The ordinary store clerk wouldn't take much notice of him just because he is so self-contained—but, then, store clerks at $25.00 per can hardly be expected to recognize genius when they see it.

Here's the story:

He went into the first music shop he came to and asked for 37152. The smart young salesman said, "Let's see—37152—oh, yes, that's 'Dancing Divinely with Dinah'—sold out."

Edward referred to a memo and saw "37152 Prancing with Polly: Fox Trot." "I think you are mistaken, I believe 37152 is 'Prancing with Polly.'"

"No, 'tain't. I know them all by name. Only man in the town that does. 37152 is 'Dancing Divinely with Dinah.'"

"Sorry to trouble you then," Edward re marked.

"Oh, that's all right," said the smart (?) salesman and immediately talked to another customer. "9279, oh, yes, that's—"

The next store was soon entered.

To his request for 37152, the girl—it was a girl, this time—said, "Sorry, sir, sold out." That's all she said.

Of course, he got the record eventually, but as we are in the Chamber of Horrors, that part of the story has no place here.

HERE'S EXHIBIT NUMBER SIX

A salesmanship instructor wanted to test out some of the selling ability in his community. He decided to call on all the men's furnishing stores in the town and see if he could have some shirts *sold* to him. He decided not to ask for shirts but to make it easy for the salesman who introduced shirts to sell to him.

At the first store, he asked for a cravat. The salesman uttered one word, "Price?"

"About a dollar," was the reply.

The salesman then directed the customer to a revolving rack and said, "Any there suit you?"

Choosing one, the instructor put it on the counter saying, "I'll take that."

Without a word, the salesman wrapped it up, gave a sales slip and said, "Pay the cashier"—and walked away.

On entering the next store, he was welcomed courteously. He bought a collar button. The salesman asked, "Nothing else now?"

"No—I don't think so—er—"

"Twenty cents please, then. Good day, sir, come again."

At the third store, he had to wait for a while, as the salesmen were all busy. Not one of them recognized him in any way. He might have been the ghost of Peter Grimm for all the attention he received. Finally, one young man was at liberty, but when the instructor approached him, the salesman said, "One of the others will be free in a minute. I've got to go to lunch."

Finally, he found some one who was willing to let him buy a pair of garters.

To make it easy for the salesman, he leaned over a display of shirts and said, "Those look like pretty good shirts."

"Yep," said the salesman.

"Hm-m—" the instructor hovered over the display.

Then the salesman said, "Drop in when you need shirts."

The instructor visited one more store that day. Here he bought another collar button. A ten cent one, for that is all that the salesman offered. This time, he said, "I'll have to get some shirts one of these days," and gazed around at the shirts on display.

"Got time to look at some now?"

"Well—er—yes—but I won't promise to buy."

"That's all right. This lot here are $3.85, pretty nifty styles, colored stripes. All the style now."

"Don't like them," the instructor objected, "the patterns are too pronounced. I like something very quiet you know."

"That's where you are wrong, boss. You need shirts with some pep in 'em now. That shirt you are

wearing for instance is a has-been. No one real up-to-date wears anything but these bold, snappy styles."

"Well, I'll look at some quieter ones just the same, if you have any."

"Sure, but you'd be sorry to buy them." He thereupon dumped some old style designs with no further comment.

After a rather awkward silence, the instructor said, "Perhaps I'd better call in some time later."

"Please yourself," and that ended it!

At the next place, he got excellent service—and his shirts, but that's another story.

JUST LOOK AT ONE MORE EXHIBIT—NUMBER SEVEN

A woman bought a dress, but was displeased with its fit. On taking it back, the saleswoman defended the fit of the skirt with the startling comment, "You see, dearie, it ain't the skoit's fault. You have such a high stummick."

CAN YOU STAND ONE MORE?—EXHIBIT NUMBER EIGHT

A lady wanted a pair of shoes. She visited a store but the salesmen were all talking together—it was quite early in the morning. Finally, one looked over his shoulder and said, "With you in a minute," and finished his story before attending to the customer.

He showed her some long narrow shoes, but she objected saying, "No, thank you, I prefer short broad shoes."

"No you don't," the salesman replied, "you want long narrow ones this year. Those you are wearing are out of date now."

Do you blame her for going elsewhere?

At the next store, the salesman apologized for the difficulty of fitting her by saying, "You are hard to fit, lady (how crude to say 'lady'); you see, one foot is bigger than the other."

Let us leave the Chamber of Horrors, you've seen enough for my purpose. They are mild compared to some crude sales tactics of which I have heard. Let me say, however, that these examples all happened within a few days and all in one town. But the point is that for every good clear sale, there are nineteen bungles.

The fault is not all on the side of the salesman. The proprietor is responsible for much of the present day crudeness in personal selling. Few retailers give their people sales instruction, or the real encouragement of friendly interest in their welfare and a cash reward for faithful successful service.

There are two inherent faults in our retail salespeople. One is apathy—an indifference to the customers' welfare—which is the outcome of the lack of direct incentive and encouragement to attain results.

The other is our individualistic and independent nature.

We are a free and independent people, every one is as good or better than every one else. The young and inexperienced (oh, so inexperienced) salesgirl realizes that she is equal to the befurred matron who desires attention.

"No need to kow-tow to any one," that's what she says.

Of course, we are *not* equal, never were, and never will be. We are equal only in the opportunity to do as much as our varying capacities will allow. The cramped mind and depressing experience of some poor, scared-for-his-job bookkeeper—or salesman—or teamster—is *not* equal to the aggressive, audacious, creative mind of some successful business man. Both may have started their business career on a par, but differences of character and ability quickly showed different results.

Yet we instill indirectly into our young men and young women the idea of equality of human characters and characteristics. In their endeavor to express their equality, the salesmen often become confounded nuisances.

Unfortunately, being limited in experience and often innocent of more than an elementary education, this class of salespeople to which I refer has not the vision to see that *Service* is the noblest purpose of work.

So, when customers approach them, they try to impress the money spenders with their individuality and equality.

Not realizing what true individuality is and not knowing that equality observes and respects the wishes of others, they become impudent and offhand. They mistake impudence for individuality and off-handedness for equality.

And, the result is—just such things as I have exhibited in my Chamber of Horrors.

The trouble is that salespeople talk too much with

themselves and not enough with others. They limit their ideas and experiences to those of their fellow salespeople. The result is that they begin to copy manners and to accept methods which are advocated by the most vociferous talkers.

Few of us *think* for ourselves. By confining themselves to one set of ideas and one class of environment salesmen cannot help but get a lop-sided view of life and their place in the scheme of things generally.

Of course, there are numbers of splendid salesmen and saleswomen but they are far outnumbered by the indifferent, careless, ignorant ones, and they suffer for the sins of their weak brethren.

Employer and employee must both do their bit to improve the quality of our retail store salesmanship and thereby improve the economic status of retailers generally.

We'll begin by considering what the salesman can do to make himself a better servant of the public and thereby make himself of more value to himself and to his employer.

CHAPTER XII

THE RETAIL SALESMAN

The salesman is the coupling which connects the customer to the store and which keeps the customer attached to the store.

The salesman is the personal representative of the store proprietor and as he conducts himself, so the store is judged. A store may have excellent goods, priced exceedingly cheap. The store equipment may be in perfect taste. The advertising of the store may attract to it the kind of people able and desirous of buying its offering. Yet, if the salesman is indifferent, ignorant, and ungracious, the good impressions of all the other factors leading to sales will be nullified. The customer will go to some other store where the personal service is pleasing and helpful.

The first thing that the salesman should learn is that every visitor to his store is an invited guest. The store's advertising and window trimming are the invitation cards. When a customer enters the store, the salesman should at once act as the host to the invited guest.

The personal comfort of the customer should be a first consideration. This is aided by a courteous cheery welcome. No salesman is so busy that he has no time to even give a smile of welcome to the

incoming customer. Once a customer has been recognized, she is willing to wait her turn for attention. How many times have you entered a busy store and been absolutely ignored by the busy salesmen?

Don't you have a feeling of irritation at the neglect? Of course, you can see that the salesmen are busy but just the same, you wish that some one had interest and courtesy enough to say, "Good morning, sir, you shan't be kept waiting long."

The next thing for the salesman to remember is that his greeting of customers should be friendly, but not familiar. Familiarity is an intrusion upon a customer's reserve and is properly resented. Many customers have quit trading in a store because of the undue familiarity of salesmen who think that a more or less boisterous greeting is the epitome of a cordial welcome. Such customers dislike to show a feeling of resentment so they endure what is to them a discourtesy and, without any complaint, go elsewhere.

Lost trade does not come through the complaining customers, they can be satisfied and made good friends to the store. It is the dissatisfied customers who never make known their grievance who are the permanent lost assets to the store.

Throw a stone into a pool. You notice the series of encircling ripples which follow the impact. That is how the influence of customers works outside a store. Every customer is an influence for good or ill. The size of the widening rings of influence de-

pends on the importance and influence of the customer. Every customer is influenced more by the kind of treatment she receives than anything else. The salesman is obviously the most important factor in the success of a store. How necessary, therefore, that the salesman be first of all made contented with his salary and working conditions and then be shown how to turn visitors into customers and customers into permanent friends for the store.

What do you know of values of commodities outside the class of merchandise you sell? When you buy a suit of clothes, how do you know that a certain suit is worth $60.00 while another suit is worth $45.00? When your wife buys a pound of coffee, how does she know that 35 cents a pound is the right price for what she is offered?

We don't know. None of us has more than the vaguest idea of values except by comparison. We have very indefinite ideas of what constitutes merit in what we buy. Ask the man who prides himself on being a judge of cigars to tell you whether the brand he smokes has a Sumatra or a Shade Grown wrapper and what kind of a filler it has. Ask him what is the difference between a Corona and a Centros leaf. Ask him what degree of moisture is best suited for his particular fancy. He'll tell you that he's not interested in those details, but he can tell by the look and feel of it.

As a matter of fact, he happens to like a certain kind of cigar and believes that by paying 15 cents or 20 cents each for them, he is getting a good cigar.

He probably is, not because he is a good judge of cigars, but because tobacconists are honest and give good value for the money.

Most people rely on the integrity and knowledge of salesmen. Most of us are easily influenced by the salesman who helps us to get what is best suited to our needs.

The successful salesman is he who assumes the position of assistant buyer to the customer. By so doing, he studies the interests of the customer, he finds out what she wants to do with her purchase and with this information, he can suggest the article which will most satisfactorily meet her needs.

To do this, however, he must have a practical knowledge of his goods and what they will do. He must be able to tell his customers *why* they will do certain things. *He must know his goods.*

By considering himself as an assistant buyer to the customer, he studies his customer's interests before anybody else's. Only by so doing, can he build up permanent business. The salesman who mentally keeps himself on the opposite side of the counter to the customer is thinking of the old-fashioned or slow money items which "the boss" wants to clear out. He thinks of the P. M. he'll get if he loads that two years old overcoat on to some unsuspecting customer—and so on.

By selling goods for reasons of his own, he is probably not selling goods for the reason that the customer buys. Unless the customer is permanently satisfied with her purchase, she does not come back.

"But," you may say, "how is old stock going to be sold if salesmen refuse to sell it?" If salesmen refuse to sell it, of course, it can never be sold, but salesman can, and should sell it. But not by telling customers it is what they need when it really is not best suited to their purpose.

Old stock can be introduced as such. The salesman can say, "Here is a pair of shoes that fit you perfectly. They are not the newest style and if you want style, I don't advise these. But these are being cleared out for $7.95 while this other last is $10.50 and not a bit better leather."

That statement is true. The customer is not deceived at all, and indeed, may be glad to get the older shoe and save the difference in price. There are plenty of customers susceptible to a bargain of this sort to dispose honorably and satisfactorily of all odd patterns and old stock.

Such sales tactics are the result of the salesman considering himself as assistant buyer to his customers.

The next important matter for the salesman to learn is that most articles are new to customers.

We are all enthusiastic about some new and novel article which has just been bought and put into stock. For a time, all the salesmen push it—and then something else comes in, and they forget it. Later on, the remaining stock of that first article is brought to light, but the salesmen all declare it passé, they point to the time it has been in stock as proof that customers have bought all they will. They say,

"Better mark them down or slap on a good big P. M. (I'll have something to say on P.M's in a later chapter.)

Unless the article is a seasonable one or extreme in style, it is just as good a seller as ever. It may be old and uninteresting to the salesman, but to the ordinary customer, it is just as good as new and as interesting as it was to the salesmen the first time they saw it.

Here's a case in point. A general house furnishing store put in a line of pencil sharpeners. The salesmen were all enthusiastic about them and mentioned them to all customers. There were two or three sharpeners fixed on the counters with the message, "Sharpen your pencil in the—sharpener. Dozens of them were sold before the salesmen got tired of talking about them. That's really what happened, the salesmen lost their interest in the pencil sharpeners and began talking about other goods.

When the salesman of the pencil sharpeners called on the buyer for the store, he was told, "I guess we've saturated the market. Everybody who will buy has bought, so I'll not buy more until we've cleaned out what we have left."

"Will you buy when these few you have are sold?" the salesman asked.

"Guess so, but it will take a long time to do it," was the buyer's discouraging answer.

"I know kitchen hardware quite well," the salesman returned; "let me sell behind the counter so that I can introduce our pencil sharpener and I'll sell all you have before night."

The upshot of it was that that traveling salesman took his place behind the counter and began talking pencil sharpeners. They were as new and attractive to the customer as when the salesmen first mentioned them months before. The traveling salesman sold all in stock long before evening and that night he talked to the salesmen about the value of pencil sharpeners as a permanent line to carry. "They are just as staple as buckets or washing machines," he said, "and you can keep on selling them indefinitely. You have sold three gross altogether—that's 432 all told. Just think 432 in this town of 75,000 people. Why, this town is good for 10,000 at least, and by the time you've sold that lot, the first purchasers will be ready for new ones."

It's hard work to keep up sales pressure indefinitely, indeed, it is not practicable. Yet, all special lines should be taken up and pushed at frequent intervals. Before long, the special articles become so well known that they become staple regular lines for which a steady demand has been created.

So, when you come across some old stock, remember that it is *new* to the customers and govern yourself accordingly.

A pitfall into which the young retail salesman often falls is to judge the customer's buying capacity by his own. He may be as good as the customer—possibly better, but the customer may be accustomed to a standard of living far beyond that of the young salesman.

Because he buys $20.00 suits is no reason why he

should offer $20.00 suits to customers. Show a *good* article every time. If it is more than the customer wants to pay, it is easy to come down. The customer is flattered by the implied assumption that he looks like real money—and we all like to feed our vanity, don't we?

The young salesman accustomed to living on $25.00 a week often feels that high priced goods are really not worth the extra money. This gives him an apologetic manner when mentioning the price. Never apologize, either directly or by implication for a price.

A salesman for a furniture house handled cleverly the question of high price during the war and the months which followed it. Demand run wild, helped by the shortage, had forced prices to a very high level so that everybody exclaimed about it. The salesman had tired of defending the price, so he changed his tactics and when asked the price of an article would say, "Sixty-five dollars, madam, *isn't* it a high price? They used to be only thirty-eight dollars in 1914, still, we are fortunate to get anything at all these days."

By this method, he disposed of the price question and aroused the shortage problem, thus making possession become at once desirable.

The following episode illustrates the folly of the salesman's judging the buyer's purchasing power by his own.

A business man was taking his wife to the theater. As they iived in the suburbs, he and his wife always

stayed in the city over night when visiting a theater, for to "catch the last train" meant leaving in a rush.

The business man had dressed at the hotel and he and his wife had dinner. Then he called a taxi to go to the theater. When in the taxi, he remembered that he wanted to buy some chocolates so told the driver to stop at the next store.

On entering, he asked for, "a box of candy." The girl brought out a box marked, "Special Family Candy, forty nine cents a pound!"

The business man said, "Not that poor stuff, I want the best you have."

"Well," said the girl, "the best we have is one of them fancy two pound boxes for $5.00."

"All right, let me have that."

The girl looked surprised, but wrapped up the box and the customer departed. As he left the store, the girl turned to another salesgirl and said, "Ain't some fellows easy? Who'd want anything better than that Family Special? I'd never buy anything different."

Had she known that the customer was probably spending $25.00 to $35.00 for the evening's entertainment, she would have seen the incongruity of talking forty nine cents for candy.

An assistant buyer of men's furnishings had proved his ability as an assistant buyer. The merchandise man (it was a department store) wanted him to become buyer, as the present buyer was being transferred to another department. The class of merchandise handled was quite high grade and many

of the wealthy men of the town went to the store for their cravats, shirts, etc.

The merchandise man called the young assistant buyer and said "Jim you get forty dollars a week now, don't you?"

"Yes, Mr. Rogers," was the reply.

"Suppose I gave you sixty a week, what would you do with the extra twenty?"

"Save it," Jim said promptly.

"Suppose I gave you eighty, what then?"

"I'd save half of it, of course."

"H'm, well Jim, I'll tell you what I'm going to do. I'm going to give you a hundred a week on condition that you spend seventy-five of it. I want you to buy a dress suit. I want you to wear the best of clothes. When you take your wife to a show, go to the best seats. Dine in good hotels. Take a taxi in bad weather. How about it?"

"Of course, Mr. Rogers. I'll be glad to do it, but—but, why not let me save more. My wife and I are happy to live modestly, you know."

"No, Jim, you must learn to wear and accept as quite natural, the best of clothes. You are to be buyer for the best class of men's furnishings and you can't do us justice unless you accustom yourself to wearing the best we sell. To live and dress as you do now would be certain to warp your judgment. You will have a tendency to lower the quality of goods—to bring them nearer to what you are accustomed to."

This was sound advice under these circumstances.

I'm not advocating extravagance for salesmen, but I do urge that they keep in mind the larger buying power of the established successful man.

There is a tendency with many retail merchants to judge the value of a salesman by the amount of his book. This is unfortunate, for the salesman who merely tries to build up a big day's or week's total sales is not working in the best interests of either the customer or the proprietor of the store.

If total sales is the standard of judgment, salesmen will naturally sacrifice all else to sales. It is sometimes good salesmanship to tell a customer that you have not what she needs and that you do not care to sell her something that will not give her satisfaction.

Such a customer may go somewhere else for that one article, but she will surely come back to that store where the salesman considered her interests.

A salesman has other duties than waiting on trade. He has to mark merchandise, he has to keep his stock in order, and in good condition. He must see that no stock is allowed to be sold out before new goods are in to take its place. These duties become neglected when sales is the only index to ability.

Even more disastrous still is the selfishness and jealousy that develops. Every salesman is fighting against all other salesmen. Every one is looking after *his* book, and has no consideration for the welfare of the store as a whole.

The customers suffer also, and that is fatal. A customer visits a hardware store, let us say, and wants a dozen $3/4' \times 8$ screws. Only a few pennies

are involved, so no salesman cares to bother with that customer, especially if there is a bigger prospective spender in sight.

When a customer is slighted, she ceases to trade in that store. As the customer is the one who pays the salaries and expenses, it behoves every salesman to give every courtesy to every customer no matter how small a buyer she may be, for to offend a customer is to flirt with failure.

Salesmen must learn to coöperate with their fellow salesmen. There must be a give and take in all matters. The "atmosphere" of a store is made up of the personalities of salesmen and proprietor and the harmony with which they evidently work together.

If a salesman cannot coöperate with his associates, he should quit—if he won't quit, he should be fired. "Dismissed" is a more dignified word, but "fired" expresses better my meaning.

Coöperation is friendship in its working clothes. Coöperate, therefore, if you would work in an atmosphere of happiness and friendliness.

The salesman who will adopt the few methods suggested in this chapter will find that customers will like him, they will ask for his advice and be guided by his judgment. He will get more fun (and dollars) from his work, for he will have the right idea of the dignity of loyal service.

CHAPTER XIII

RETAIL SALESMANSHIP

A man goes into a cigar store and says, "Give me a good ten cent cigar." The youth behind the counter says, "Sure," and grabbing two or three cigars from a box, drops them on the more-or-less clean glass top of the counter. The customer picks up one and chews off the end, tosses a dime on the counter, lights the cigar by the electric lighter and walks out.

This is *not* salesmanship—it is buymanship (and a poor grade of it at that). The youth did not sell a cigar, the man *bought* it. See the difference?

In passing, however, it would have helped the cause of salesmanship if the man had said, "Just lift out that box, young man, and I'll help myself. I don't want a cigar that you've been mauling and which you've used to dust your dirty old case."

"Treat 'em rough," is my idea of driving ideas of cleanliness and courtesy into the tympanum of slipshod salesmen.

Salesmanship is selling something which satisfies. The time for the salesman to begin selling is when the customer has ceased buying. Let the customer get all she wants before introducing any new article to her. True, if the customer asks for a pair of shoes, the salesman may point out the benefits of three pairs

and *sell* the extra two pairs before he introduces lasts, shoe polish, hose and so on.

The retail salesman's duty is to sell goods. That is the main reason for having salesmen. True, they must take care of stock but that is secondary to selling.

Last Christmas, I wanted a pair of black silk hose, just one pair of real dinky ones to wear at a dance. When I entered a store I saw a youngster waiting on a customer. In a cage-like affair sat a middle-aged man trying to look busy with the books. At the rear were two young fellows checking off a shipment of collars.

Well, I waited—and waited—but those two young men kept on with their job. "Let's get 'em checked off first," one of them said, "it will only take a few minutes." After three minutes I quit. I stepped out quietly so as not to disturb the calm of the place. My two dollars had walked into the store, stood on its hind legs and begged to be put in the cash register —but in vain.

A little further down the street I went to another store run by a young Jew. He was just leaving for lunch but when he saw real money (not much of it, but what there was, was real) coming in, he shed his coat like a flash and said, "Yes, sir, what can I do for you?" "Were you just going to lunch?" I inquired. "Yes, but lunch can wait any time."

The second man realized what the youngsters in the first store never thought about. The young Jew realized that the customer is the boss who pays

salaries and rent and all the other expenses of the store.

A department store manager walking through a department one day noticed the girls all get on their feet as soon as he appeared. "Girls," he said, "never bother to get on to your feet when I come along. I'm merely working for the boss like you are. But when a customer comes along, then get busy for she's the real boss."

Customers visit stores where they find cheerfulness and consideration. Salespeople, therefore, should do everything possible to make customers feel perfectly at ease. Don't contradict the customer. Don't tell her that "we don't keep nothin' so cheap like that, lady," and assume the air of a grand duchess, scorning a scullery maid. Don't say, "You are hard to fit, for your shoulders are out of proportion."

A lady entered a millinery store to buy a hat. She had a very large head and was obviously uncomfortably aware of it, as she said, "I need a hat, but my head is so very large that I have a dreadful time finding anything I can wear."

The saleswoman (and she was the real article too) said, "Oh! I don't think it's at all out of the way, we have many people with heads larger than yours." Then she tried on a hat that was too large. Seeing this she said, "Why, your head is not much out of the ordinary after all."

Is it any wonder that the store gained a permanent customer in that lady.

An overly plump woman visited a drug store and said in semi-confidential tones, "I want a bottle of—er—er—fat reducer. I forgot the name of it but it's in a square green bottle with a red label on it."

The salesman, a new one, could not think of what she wanted, so called across the store to an older salesman, "Mr. Dash, what's that fat reducer in green bottles with a red label." There were several customers in the store and all looked to see who wanted it. Imagine the embarrassment of the woman. Is it to be wondered at that she spent her money elsewhere after that?

The secret of making customers feel at home is *tact*, and that young salesman was evidently quite out of stock of tact.

A customer entered a hardware store and said to the clerk, "I've just put up a hen house and I want some paint for it. Now the wood's never been painted and I don't know just what I ought to get. Can you put the paint on new wood or do you have to put oil or something on it first?"

"That's in the paint department in the rear," the clerk indicated the direction with a manicured finger.

To the back of the store the customer walked. A man with a smirk and a cluster of pimples said hopefully, "Something?"

"Yes, I've just put up a hen house and I want some paint for it. Can I put paint right on new lumber or do I have to use a dressing or something first?"

"Ah, that's over the other side, sir, that young man there will attend to you."

"That young man" saw a red headed husky trimming his nails with tin-smith shears. He looked up as the customer approached and said, "Anything I can do for you."

"I don't know," the customer was exasperated. "Tell me, can you sell paint?"

"Sure."

"Do you know anything about paint?"

"What do you mean? Of course I know something about it," red-head was perplexed at this onslaught, "what color do you want?"

"Never mind color," the customer snapped, "have you ever painted a fence?"

"We don't do outside work," red-head replied.

"Good Heavens," the customer gasped, "tell me, have you ever opened a can of paint. What's it look like inside the can?"

"I don't know, but we only sell the best kind."

"Do you know whether you can put ordinary paint right on to rough timber?"

Just then a short chunky man came behind the counter. Whereupon, the red-headed clerk said, "This man is our regular paint man. Tell him what you want to know and he can help you." Turning to his fellow salesman the young man said, "I think the gentleman has a fence he wants us to paint for him."

"We don't do any painting, sir, the Union you know."

"Heaven give me patience," cried the exasperated customer, "who wants a fence painted? I've got no fence at all. I want to know if you can put paint right onto new timber or—"

"No, sir, we do not do any painting, I said before."

"I—er—my Heavens, what a store!" the customer threw up his hand in despair and stamped out of the store while the clerk muttered, "What a nut!"

Don't, please don't, ask a customer to repeat his request a second time. If what is wanted is in charge of another salesman go with that customer to the right place, and state what is wanted. The customer is pleased at the personal service, while if he is passed around from one to the other and asked to tell his story over and over again he may properly become disgusted.

Go with the customer, however, do not shout across the store, "Hey, Jim, I'm just sending a man over for some paint for a hen house."

The customer's business is a personal private matter between him and you. Keep it private and so make the customer feel at ease in the store.

Now I'm going to make an original suggestion to retail salesmen. It's never been said more than a million times, This is it. "*Know your goods.*" Know what they will do and why they will do it. If you hope to have customers ask for you because you are "always so helpful" you must study your goods and the service they render.

Be ready to give customers information that will help them in their buying. But don't give information in a way that makes them realize their ignorance.

A woman asked the salesperson for some "Georgettey" crêpe. The salesperson replied, "Oh!

you mean Georgette, I suppose," with a tone which implied, "You poor ignorant wretch, I suppose you know no better."

Never mind what the customer calls it, don't correct her pronunciation. The customer came for goods, not for a lesson in English.

This however is but a minor part of the knowledge that the salesman should have of his goods.

The most important thing to know is what they will do. Customers buy goods for their use value and not for what they actually are. When talking about goods, then, tell the customer what they will do for her specifically.

Suppose a customer is casually looking at some patent labor-saving mops. The salesman may talk about the all-wool mop, the hardwood handle, the method of taking the mop from the handle for cleaning it, and so on, but no burning desire to possess the mop will be created. The salesman should tell her that the mop will save her a lot of back-aching work and give her more leisure time. If she is one of those energetic kind of women, he may tell her that she can do more work with the patent mop than with the ordinary mop.

In other words, talk use, not make.

The salesman can get much information about his goods from traveling salesmen and from trade journals. He can also write to makers of such goods in which he is interested. Most of them will send him complete information of the services of their productions.

A study of the history of merchandise will prove of wonderful interest. The salesman who can add a touch of the unusual to his sales talk arouses unusual interest in the customer's mind.

For example, have you ever wondered why a pig is a pig when alive and pork when it is dead?—why a sheep is a sheep when alive and mutton when dead?—and why a cow is a cow when alive and beef when dead?

The answer to this is found in one of the most stirring and romantic periods of the world's history—the eleventh century, when the Normans conquered the Saxons and so became masters of England.

The Normans preferred the French language while the Saxons of course used what is now the English language. The Saxons were the shepherds and farmers and laborers and were familiar with domestic animals when alive. The Normans were only familiar with cattle when prepared for their table. The result was that when dead, cattle and hogs were known by their French name, while as live animals they were spoken of by the English name. Thus a cow became boeuf—which we have changed to beef. A sheep became mouton, which has become mutton, and so on.

There is romance in a pound of steak if one looks for it. There is interest in everything as soon as we know something about it.

Here are a few more "Side interests." A bayonet is so called because the first one was made in Bayonne, France. The pistol was first made in

Pistolia, Italy, hence its name. Watches were once called Nuremberg Eggs because the early watches made there were so fat and clumsy as to look like an egg. Calico is a corruption of Calcutta, India, where calico was first extensively manufactured. Damietta, Egypt, was the first home of dimity—one can easily see how it got its name. Alpaca of course is named after the animal that grows the wool used in making it. Velvet comes from the Latin word villus, meaning shaggy hair. Chintz comes from the Hindustan language and means stained. Mohair is a corruption of Moor hair. The Moors introduced the Angora goat into Spain in which country Mohair was first made. It can readily be seen how it acquired its name. Cambric originated in Cambrai, France—, why go on? A study of even the names of commodities carries one all over the world and 'way back into history.

Naturally the salesman should not enter upon a campaign of education. Customers want goods, not education. Nevertheless the salesman who has a fund of interesting facts about the goods will find numberless opportunities to use them.

A young salesman specialized in sporting goods. He studied modern rifles, he studied the ancient ones and the development of them. He could talk most interestedly on the subject and began to collect old fire-arms. He soon had a fine collection. The secretary of a club who knew the young man asked him to give a talk before the club. After much hesitation the young salesman agreed to do so. He had

his collection sent to the club, and, as can be readily understood, made quite a hit. The result was that he had requests to speak at numerous places. And, what is more important, men *naturally* came to him for their sporting goods. Before long he had a splendid personal trade. Some of his friends urged him to go in business for himself and offered to back him. He eventually opened his own store and became successful.

While a knowledge of his goods was not responsible for his success it was *the* factor which got him started right and which attracted attention to his ability.

The trouble is that most salesmen are content with half knowing a thing. Half knowledge is better than none but you generally find it is the other half you need.

Some one well said, "What you know is a club for you and what you don't know is a shot gun for the other fellow."

Knowledge of the goods means more than knowing something of the history of the goods and the service they render to customers. The salesman must know where the goods are kept in stock. He must know the price. He must know how to look after goods in stock so that they will keep in good condition and he must be able to tell the customer how *she* can get the most wear from them.

When the salesman knows his goods, he sells on the worth of the goods and not on a meaningless guarantee. It means nothing to say, "This is guaranteed, Madam." And it is foolish to coax a sale on the

strength of, "If you aren't pleased with it when you get it home, bring it back." That's not selling goods, that's selling a return privilege. Sell goods on their *use* value and not on guarantee.

Show goods in use as much as possible. If you want to sell a fountain pen, let the customer write with it. In selling a cravat, knot it and lay it on a shirt. In selling dress silks, drape it on the customer's arm. Put action into the sale whenever possible.

And your friends. Do all your friends buy from you—and do you sell to them all? Go after your friends' business.

Here's a don't. Don't be a "clever talker." Don't be a "polished" salesman. Some people get so polished that they become slippy. There's nothing mysterious or difficult about salesmanship.

Know your goods, tell the truth, be courteous, tactful, cheerful, neat appearing and you'll succeed. Be guided by what is right and you won't go wrong. Don't fool yourself that you can, by cleverness, overcome a bad policy. There's no right way of doing a wrong thing, but there's plenty of wrong ways of doing the right thing. Let your selling methods be governed by the Golden Rule and you will do the right thing in the right way.

I have not attempted to do more than suggest retail selling methods. We are now more concerned with the problems of successful retail store management.

CHAPTER XIV

ADVERTISING

Some people have weird ideas as to what advertising is or is not. I found a dodger pushed under the door of the house one day. It said, "Our suits are so low because we do not advertise and so pass the saving on to our customers." The man who wrote that is a humorist—only he didn't know it.

A retail merchant cannot possibly go a single day, without advertising in some form or other. Salesmanship is really personal advertising, just as advertising is impersonal salesmanship. The store window display is an advertisement; his name over the door is an advertisement; every word said about his store is an advertisement, good or bad. I think the most valuable advertising a store can get is a good word of satisfied customers—and it is free, too!

We'll consider the store window separately on account of its importance and the peculiar conditions surrounding it. The other forms of advertising in which we have interest are:

1. Newspapers.
2. Bill-boards
3. Booklet or Catalogs or Price Lists.
4. Magazines.
5. Street Car Signs
6. Store Window Signs
7. House Organs

8. Motion Picture Advertising and Theater Programs.
9. Special Features
10. Form Letters

By far the most important advertising medium for the retail merchant is the first on the list—the newspaper. But that is worthless unless he *advertises.* There's a difference between filling white spaces and advertising. To say

"JAMES JONES,
NEWSDEALER AND STATIONER
99 HIGH ST., BUSTVILLE"

and use 2″ single column to say it is merely making the publication a present of the cost of it. That is a bare announcement and lacks sales value. If Jimmie Jones had said

"ADD DISTINCTION TO YOUR CORRESPONDENCE BY USING "BURLEIGH LINEN" INITIAL STATIONERY. A HANDSOME BOX OF 24 ENVELOPES AND 24 SHEETS OF PAPER, CONTAINING YOUR INITIALS IN GILT FOR

49¢

JAMES JONES — 99 HIGH STREET

he would have advertised. Let me hasten to say that I am not an advertising copy shark. I merely offer this to indicate the difference. In the first case nothing is *said.* In the second case a specific article is advertised. Sufficient description is given to enable the reader to visualize the offering and, with the price, leaves no reasonable question unanswered.

A certain small town stationer placed a contract with the only newspaper in the town for a six months

advertisement with copy to be run three times a week, Monday, Wednesday and Saturday. Around Christmas time he dashed off some copy about Christmas Cards ("dashed off" is the right phrase). Being very busy with much routine and detail work (which a $12.00 a week lad could have done) he told the advertising man to repeat the copy three times. The same thing happened again and again until toward the end of February the newspaper man said, "Won't you let me write up some copy for you. Just tell me what's in season and I'll work up something. Do you realize that you are still advertising Christmas cards?"

It is no wonder that the stationer found no return for his advertising venture, but it is unfortunate that he should claim that "advertising is no good for my business—I guess my business is different." He had never advertised, he had merely bungled it.

When a retailer buys space in a newspaper, he is not buying so many square inches of white space but he is buying an opportunity to give a message to the community. The cost per agate line in most newspapers is no small amount when we realize that there are fourteen lines to an inch, and we cannot say much in a one inch single column advertisement.

When a customer asks about an article, the salesman takes pains to answer clearly and fully—yet when the same article is advertised in the newspaper the "copy" is all too frequently "thrown together" with little thought to the fact that that copy will be read by thousands of women. How much more

important for the proprietor of a store to use his time in writing advertisements which will draw trade from a whole community than to dust glass cases and to tie price tags on new stock.

An advertising solicitor for a country weekly newspaper was telling of his experiences of getting "copy" from the smaller retail merchant. Said he, "I never have trouble with the big "foreign" advertisers. They know the importance of having copy well prepared and on time. But the little fellow! he's the bane of my life. We go to press at 11.30 every Thursday and like to get all copy in on Wednesday night. Every Thursday morning I'll have a few retailers who have not sent us their copy. So I chase after them. I've one fellow, a grocer, who's always on my delinquent list. A dandy chap and does a good business but every Thursday I have to go after him for copy.

"He'll say to me, 'Drop back in half an hour and I'll have it ready for you.' At 10 o'clock I go back and he'll look up with surprise and say: 'Not 10 o'clock yet is it?' 'It is, Mr. Broad,' I'll say and he'll then suggest, 'I'll go right to my office now and run you off something. Call around in fifteen minutes and it will be waiting for you.' Well, back I go but is the copy ready? It is not. Then I'll have to say, 'Mr. Broad, I can't wait any longer, we must go to press without the advertisement and merely put in your name and address.' Thereupon, he'll pick up a piece of paper, write furiously for a minute and passing me his scribbled notes says, 'Here,

Jim, just use that; you can put it in shape for me.'

"Is it any wonder that his ads are so often wrong? Wrong prices, wrong items—everything wrong because he won't take time to do his advertising properly. He dashes off fifteen dollars' worth of advertising in a minute with no thought at all. Yet he would not buy fifteen dollars' worth of goods or supplies without thought and consideration. Queer how some folks run things, isn't it?"

The retail merchant who advertises should have a consistent policy. Decide first of all what appeal you want to use. Shall it be price, or quality, or service or novelty? Whatever it is, be consistent with it. Hammer the idea home until people associate the idea with the advertiser.

Having decided upon the appeal, adopt a method of presenting it. Don't be stilted, formal or stodgy. Be human and natural. Be humorous if you wish but do not be flippant. Remember that the advertisement represents the store and see that it upholds the dignity of the business.

A well written advertisement should be newsy. It should tell something definite about whatever is advertised. It should prove interesting to the class of people most likely to buy the advertised commodity.

It should be personal. So many advertisements sound like a man haranguing the throbbing multitude from an upturned soap box. Don't advertise to the crowd, make it individual. Don't try to interest everybody in your advertisement—it cannot be done. The tone of the advertisement should be cheerful, optimistic and sincere.

Of course you should have an advertising appropriation. Normally it should be about two per cent. of your estimated sales. Having decided upon how much to spend, use it judiciously. Don't spend it in one grand splurge. One time advertisements do not build trade, they merely arouse in the reader a slight interest in the advertisement. It is the continual telling in print of your story that turns readers into buyers.

When a reader picks up a newspaper he notices James Jones' advertisement and says to himself, "I see Jones is advertising writing paper." Then he becomes interested in the latest thing in murders. If Jones has spent his money in one big advertising jag the reader merely says, "My! but Jones is spending money. Guess I'll have to see what he has." But if there are no further advertisements he forgets all about Jones' single advertising yelp.

But suppose Jones has arranged for frequent though small advertisements. The second time the reader notices the advertisement he says, "That reminds me, I haven't looked in at Jones for some time." But the new fashion in divorces distracts his attention. The third time he sees Jones' advertisement he says "I guess Jones is a comer. He's certainly on the job." And so it goes until one day Mrs. Reader says, "Henry, I wish you'd bring me some writing paper home, we are all out of it." And Henry goes to Jones for it, he goes there naturally for it, the first place he thinks of. He has been educated to think of Jones in connection with stationery.

Advertising is a pulling force. It begins with a slight tug but every repeat advertisement adds another strand to the wire of interest until the "wire" is strong enough to haul customers into the store.

If the store sells good goods at right prices and with cheerful courtesy, the customer is permanently secured. Advertising brings customers, service and value hold them. Advertising and Salesmanship are partners in the Successful Store.

The retail merchant who would keep his advertising newsy must constantly change his copy. Seldom is it wise to run the same copy twice. Make some changes even if the same article is advertised. Only by keeping freshness and snap in his copy can he hold the interest of the public.

Do not try to see how much copy you can squeeze into your space. Advertise one thing and give "reasons why" for buying. If you advertise a dozen items in a small space you not only crowd the space but you scatter the buying appeal. Department stores can advertise a number of items in an advertisement because they take big spaces and divide it into sections or departments. In reality the department store advertisement is really a number of separate advertisements under one firm name.

Avoid generalities as you would the whooping cough. To advertise "Big bargain"—"Great Reduction"—"Splendid Values"—"Tremendous Slashes in Prices"—"Less than cost" and such like meaningless babble is sheer waste of money. Such talk has been used so often by concerns of dubious reputation that the public takes little notice of it.

If you have a really good bargain, tell *why* it's a bargain. A concern bought 3500 velour coats for $9.00 each net cash from a maker who had got caught by a big cancellation from a concern whose credit was weak. They advertised the coats as a "Tremendous Bargain" for $16.50—but there was no wild rush for them. The public discounted the "Tremendous Bargain" and assumed that the coats were some cheap stuff made up to sell.

An advertising man was consulted and he quickly put his finger on the weakness. He wrote a new advertisement in which he said, "A manufacturer had made up 3500 velour coats for a western jobber. They were all made of genuine velour, lined throughout, cut in latest styles. Owing to financial troubles the western concern had to cancel and the manufacturers were stuck with the coats. We bought the whole lot for spot cash at such a low price that we can offer them at $16.95 and still make a profit."

As soon as the public read that advertisement, it bought; whereas the coats were selling slowly, they now moved rapidly. Women waited for a chance to get to the counters and the whole stock was quickly moved. The public is pretty wise and wary. "Clearance sales" that are not clearance sales, "Bankruptcy Sales," "Removal Sales," "Fire Sales," all such devices are in disrepute unless you give facts to prove the genuineness of the sale.

Many an advertisement costs five cents and more a word. If every retail merchant will consider that each word he writes costs him a nickel he will weigh

carefully every sentence, he will make every word worth its price.

Study the make-up of the advertisement. Its general appearance should attract favorable attention.

The heading should be interest arousing and the description that follows should turn that interest into desire while the price, and service rendered by the advertised article should create desire to buy at once.

Don't say "at all prices" if the line advertised has several prices. Say from—to—. Be specific. Usually it is better to emphasize one price only, adding if advisable "others at—"(giving the prices) or "others of cheaper (or better) quality at—."

Study other people's advertising, especially study the advertisements in your trade journals, for there you will find copy relating to goods that you want to advertise.

And finally, get expert help. Most retailers would be money in pocket if they arranged for an experienced advertising man to look after their copy. The average small retail merchant could not afford to hire an advertising manager but he could use a professional advertising man to give the small amount of time necessary to lay out the advertisements.

So much for newspapers. Now we'll consider Bill-boards. Don't use a bill-board except for general advertising. As a general rule the small retailer is well advised to leave this kind of advertising severely alone. While newspaper advertising is temporary in its appeal, the bill-board is relatively permanent and the advertisement it displays should

be such as to be effective for a considerable period of time.

Do not advertise a particular article on a bill-board. Advertise the store itself, its service or policy. Say very little, for the whole board has to be read practically at a glance. Bill-boards should be touched up or repainted frequently, for a weather-beaten, disfigured, bill-board creates a negative impression of the store.

The third item on our lists is Booklets, etc. This refers principally to the booklets, catalogs, folders, etc., supplied by manufacturers. Before you use any thing supplied free by a maker read it through carefully. See that it does not quote incorrect prices (so far as you are concerned) and be sure that your name and address is prominently displayed and correctly given. If the story about the maker's goods covers the bulk of the booklet and your name is crowded into an odd corner don't use it. You cannot afford to give your customers the impression that the makers run the store.

Suppose you run your store in a quiet dignified manner and the maker's booklet is flamboyant and "jazzy"—well, they'll help to run the furnace, but they won't help business. All your advertising must express the "personality" of the store. If any free advertising is sent that is not in conformity with the "personality" of your store —*junk it.*

Use manufacturers' booklets—or any that you prepare—when they will get business. Use them in season only. A retail hardwareman had a lot of

folders sent him by a lawn mower concern. His name was well displayed and the mowers advertised were all numbers that he carried in stock. Altogether it was a splendid piece of publicity. They came in the early spring with his season's order of lawn mowers. As the cover symbolized spring and as the booklet announced that "The —— Hardware Co. has just received a shipment of lawn mowers" and so forth, the booklet was timely and splendid advertising.

The booklet was distributed freely and sold many mowers. Early fall arrived and the few mowers unsold were ordered into stock for the winter. In transferring them from the store to the stock-room a few parcels of these booklets were discovered. The hardwareman hated to see anything "wasted" so he insisted on the salesmen putting one in every parcel that was wrapped up!

Fancy advertising a "new shipment of lawn mowers" when the snow began to fall! The hardwareman was not advertising lawn mowers so much as he was telling his customers that he was behind hand or careless or foolish. However good a piece of advertising is, use it when it is seasonable for it. At other times it is merely wasted motion.

In the preparation of special price lists or similar publicity the retail merchant will do well to study the mail order catalog. Notice how simply yet vividly it describes an article. There is never any question as to price or terms. If the customer wonders whether a price refers to a two pound box or

to a single pound, or to a dozen or a pair, the chance for a sale is slim. Be specific and give details. Remember that while you know your goods the public generally is ignorant of them. Special price lists, booklets and such like should be used cautiously by the retailer if it costs him money. If makers supply it free, use it gladly if it passes the "examination."

Never use magazines unless they are purely local in circulation. Indeed it is so seldom that a magazine has such restricted circulation that we might well say "thumbs down" to magazine advertising.

The reason for this is that the percentage of circulation in the community covered by the retailer is so small as to make the expense prohibitive. What's the use of advertising in a magazine with half a million circulation if only five thousand of them go to possible customers?

Street car signs are well worth while if the merchant has any exclusive agency or if he specializes in some particular line of goods or service. Street car signs, like bill-boards, should be specific in their story, but they need not have such a permanent appeal as bill-boards for the expense of replacement is comparatively slight.

Care should be taken to see that the advertisement is bold, clear and easily read. Before deciding on a sign see what it looks like in a car. The curve and height of the car card container may give the card a decidely different appearance from what it has when seen flat on a table.

Color is important in street car signs. Look at them in the next car you ride in. Notice how color is used skillfully to attract the roving eye to the message. Your advertisement has to compete with these so you should use color to attract.

As a general rule do not quote prices on car signs. Talk of being exclusive agent for such and such or of being "ready to paint that home" and such like. The appeals should be general but the expression of it clear and vivid.

Store window signs are of two kinds.

1. Price Tickets
2. Talking signs.

Price tickets are merely plain tickets containing nothing but the price. Originality may be displayed by use of color, design and shape. Color can be used to indicate the season, the design may suggest the use of the article while the shape of the card can add a touch of individuality.

As soon as wording is added to the price, the ticket becomes a talking sign. A talking sign as the name indicates is a price ticket containing a few laudatory words on the article priced, or a suggestion as to its use, or the reasonableness of the price. Avoid meaningless superlatives just as you would in your newspaper advertising.

To write "Big bargain" or "Reduced to—" on a card means nothing. Tell something of the make or quality or service of the article and people will read them.

House organs may be used successfully only

when the sphere of trading influence is sufficient to make the cost proportionately small. I mean by that, that if you spend a hundred dollars a month on a house organ to reach a thousand people and your sales are say two thousand a month the expense is altogether too large to justify it. If you can reach ten thousand people and your sales are twenty-five thousand a month, the hundred dollars would be well spent on a house organ.

An attractive readable house organ is an excellent medium for keeping your name continually before your present and future customers. A big advantage of the house organ is that it actually stays in the home. The whole family finds items of interest in it—or should if it's wisely prepared. Your name is associated with that "interesting little magazine" and your advertisements are continually read.

A house organ should contain household suggestions, brief articles of general interest, at least one short "heart throb" story, humor and—of course —store items.

Certain national advertising and publishing concerns issue house organs at nominal cost. These house organs are syndicated affairs, one merchant only in a community using them. They therefore have the same general value as a specially prepared affair and often contain articles by well-known writers.

Added value can be given to the house organ in several ways. One druggist numbers every copy of his house organ. He then announces by newspaper

advertisements, window signs, etc., that on a certain day some youngster will draw out of a bag ten numbers. The ten lucky owners of the house organs having the numbers drawn will receive certain prizes which are displayed in the window.

Another plan is to blue pencil some item and say that a free sample of the item marked can be secured by applying at your store.

Offer a prize for the most *severe* justified criticism of the house organ. Offer a price for a short original poem or story. Publish pictures of local children—all these things add to the interest in your house organ, and interest in your house organ will surely help to keep your cash register ringing "welcome little stranger" chimes.

The motion picture advertising is not so popular as it was because patrons of movie houses object to the injection of "Bunko's Bile Blessing" after the final love clutch of the latest movie vamp. Movie advertisements should *always* be light, cheerful and humorous.

Theater programs do have a value to many retail merchants and especially if the article advertised has a social use. People in a theater are in a holiday mood and naturally do not respond to serious appeals or buying suggestions which are opposed to the spirit of enjoyment. Theater programs are excellent mediums for advertising flowers, candy, dress goods, clothes, eye glasses (for people realize eye troubles in a theater) toilet goods, musical instruments (even including the saxophone) and such like articles.

The theater program is not a good place to advertise building supplies, office furniture—or embalming fluid.

Special features is a "Carry-all" title for all kinds of advertising other than those listed. It is the "etc." of advertising mediums.

If you have advertising buttons to give to school children, it comes under this class. Should some concern from which you buy offer you some buttons advertising its line and your store as well, accept them. The value of such an advertising device is dubious in the writer's opinion, and not such as to justify spending real money on it.

Hand bills, special circulars, balloons and other novelties containing your store name prominently displayed have value and are worth considering especially in connection with a special sales effort.

Advertising in church programs, "special" publications of trade organizations, school commencement affairs and all such irregular publications may have to be indulged for politic reasons. But such expense should not be charged to advertising. It should be charged to charity—or graft—and so lose itself as an item of "general expense."

Fortunate is the town where the Chamber of Commerce or Advertising Club or Rotary Club has a vigilance committee to pass on all "special" advertising plans. The merchant who can say, "I belong to the Chamber of Commerce and if it approves of your scheme I'll be glad to advertise," will save many worthwhile dollars.

When possible, refuse to advertise in occasional and ineffective "special" programs. If you do spend money in this way I suggest merely saying "This space donated by—"

Form letters. Ah, here's something that few retailers use. You can drop a lot of money in experimenting with form letters but you can make them very profitable if carefully planned and skilfully executed. Let's give them a chapter all to themselves.

CHAPTER XV

THE SALESMAN IN THE ENVELOPE

The more people that the retail merchant can meet, the more opportunity he has to exchange some of his merchandise for some of their money.

Telling his story to every possible buyer should be one of the big jobs for the proprietor.

His store is seen by a lot of people and some of them come inside as customers. His newspaper advertising is seen by more people, a certain proportion of whom are attracted to the store thereby.

Yet there is still a lot of people who never see his store nor read his advertising. There are also numbers who see his store and his advertising yet do not *observe* either. These people can be reached by letters. A letter will get attention from a man or woman when nothing else will manage it.

A very small percentage of retailers use letters as a business getting policy. For this reason they are a valuable means of publicity. They must be used skilfully, however, if they are to be effective. A well-written letter must be natural, clear, cheerful and contain no confusion of ideas or propositions. It must be written from the customer's viewpoint.

The more interest you take in others the more interest they will take in you and your store. The best way to get people interested in you and your store is

to express genuine interest in them. A properly worded letter shows clearly that you are interested in the one you write to. Every letter sent a prospect is a cord of interest which ties him to your store. One letter may not pull her into the store as a customer—the cord of interest may not be strong enough. A number of letters may make the cord of interest strong enough to win her trade.

In fact, every retail merchant is adding cords of interest—or breaking them—all the time. The window, the newspaper advertisement, the good sale, the cheery greeting, the smiling "Thank you" are all cords of interest that hold the customer as a customer. The discourteous salesman, the curt "No, sold out," the gum-chewing, indifferent cash-girl are all "snappers of interest cords."

Some of these broken cords may be retied by the aid of a letter, as the following example illustrates.

A lady entered a glass and china store and said, "I want a six-cup brown earthenware teapot please." The proprietor who happened to be waiting on trade replied, "Certainly, Mrs. Rollins." But when he went for one he found that he had no six-cup brown earthenware teapots, all he had was a green one of that size. He had brown teapots in four-cup and eight-cup sizes but he was out of the six-cup size.

Of course he showed the customer the six-cup green and the eight-cup brown teapot. But she wanted the six-cup brown and nothing else would suit her. In vain he explained that the eight-cup teapot was just as good, indeed better, for she could use it for any

amount of tea up to the eight-cup. No, she wanted a six-cup brown pot. The proprietor offered the eight-cup size for the same price as the six-cup size, but no, six-cup brown or nothing.

The customer left the store and visited a near-by competitor and secured immediately what she wanted —as usual!

Now see what had happened. The first store lost a sale, the second one gained a sale. The customer had a feeling that the stock of the first store was inferior to that of his competitor. The truth was that the first store had a much greater variety than the second one, yet so far as that customer was concerned a reverse impression was created. She felt a little more favorably inclined to the second store than to the original one entered.

Here is where a letter can tie up the broken cord.

In a week or so the glass and china retailer secured the six-cup brown teapot. So he sent a letter such as the following to the customer.

Dear Mrs. Rollins,

We have just secured a shipment of teapots amongst them the six cup brown earthenware size which you wanted a few days ago.

I was so vexed that we happened to be out of them when you called, I know how annoying it is not to be able to get what is wanted without delay. It happened that we had had more calls for that size than usual and as a consequence they were all gone before the new shipment on order arrived.

May I send you one up right away? If you will

telephone "West 290" I'll have one sent by special messenger. We value your trade too much not to do everything possible to please you.

Respectfully yours,

———

Mrs. Rollins has bought a teapot already so naturally will not buy another, yet when she gets that letter she says to herself (or to her husband), "Those people are certainly doing all they can to oblige their customers. I like that spirit."

And the broken cord is retied stronger than ever. Surely a good return for the investment of a little time and a postage stamp!

The preparation of letters requires care, thought and painstaking effort. Unfortunately, many retailers give only casual attention to the "dress"—the appearance of the letter, to the arrangement of the paragraphs and to the logical presentation of its message.

Every progressive retail store should be able to list among its equipment a typewriter and a duplicating machine.

The handwritten letter is generally "sloppy" and often difficult to read. Such letters create a poor impression, while a well-dressed letter always gets results.

Letters are salesmen in envelopes. Letters represent you and your store. Let them represent you at your best.

In planning your letters—either personal ones or "form" letters, make the paragraphs as short as

possible. Each paragraph should be so interesting in itself as to coax the reader to the next one and so on until the whole letter is read and its message appreciated.

A letter may be compared to a stream and each paragraph may be compared to a stepping stone across the stream. If one stone, one paragraph, is not firm enough to sustain the reader's interest she will progress no further no matter how firm—how interesting—the remaining paragraphs are.

In sending out a sales letter, make it easy for the reader to act on it. Enclose an order blank which requires as little writing as possible. A self addressed envelope should also be enclosed with the letter.

Orders with which no money is required are frequently best secured by enclosing a postal card on which the order form is printed.

When writing a sales letter which you purpose duplicating, forget that it is going to several thousand people. Write a letter to some one person you have in mind, it will be more human, more personal in consequence. So many "novice" form letters read as though the writer were standing on a tub and addressing the swaying mob!

As a general rule, it does not pay the retail merchant to fill in the name and address of each prospect. When time and expense permit, it is, however, quite desirable. To secure perfect matching of the duplicated letter and the filled-in name and address the filled-in portion should be one shade lighter than the body of the letter.

Typewritten letters darken a shade in about twelve hours. If your letters have been "run off" more than twelve hours, they have darkened slightly. To make the new filling-in match the letter means that when the reader gets it, the name and address will be darker than the rest of the letter.

When using individually addressed letters it is a good plan to use tinted stationery, for slight differences in shade of typewriting are not so noticeable as when they occur on white paper.

Don't, please don't use a rubber stamp signature. It is so obviously imitation and generally so crude and patchy as to give a cheap and careless appearance to an otherwise good letter. Sign each letter individually—even if you ask friend wife to help out!

Now let us consider how to go about planning a direct mail sales-building campaign, that is, such stores, as are justified in using this method of getting business. Cut-price stores can send out circulars but seldom are justified in a systematic sales letter campaign. High grade credit dry goods stores, hardware stores, drug stores and such stores which sell a sufficient variety of medium to high priced goods can profitably use a mail campaign.

The first step in planning a direct mail campaign is to prepare a list of customers that *are*, and customers that *should* be. Then classify these names according to dominant interests. Suppose you have a hardware store. The farmers who are interested in agricultural equipment are not interested in electric toasters. Neither do the housewives who are

interested in cutlery, have any desire to know about that new line of jack planes.

Letters must be planned to hit the interest of the group of people written to. Every month a letter can be sent to the complete mailing list. If you have six groups of customers it means preparing six letters every month.

These letters can be sent with monthly statements and thus reduce expense and make the bill a little less unwelcome.

A good way to keep track of these groups of customers is to use a different colored card for each group. Four inch by six inch is a good standard size card to use, for cabinets to hold this size are not expensive. Keep copies of all letters used in a scrap book. You can then enter on the customer's mailing card the number of the letter and the date it was mailed. Then you have a complete record of letters sent and by watching the changes you can tell whether or not the letters are really building business.

Another good plan is to keep track of any special liking or expressed wish of a customer. Suppose you had several customers who are interested in gardening. It is a simple matter to list such customers on a card or in a loose-leaf book under a heading such as "Interested in gardening."

When spring garden-seeds or new gardening tools come in, a letter to this list will prove a big success. The grocer can do the same with any special table delicacy he buys. A letter to his customers who have money and who are interested in something new will please them and sell the delicacy.

It is often possible to circularize special lists for specific occasions. Sources from which special classified lists may be secured are:

Classified city or town directory.
Telephone book
Membership lists of women's clubs
Membership lists of men's clubs
Membership lists of lodges.
Automobile license list
City or county employees
List of school teachers
Property owners and taxpayers list
School and college graduation lists
Blue book
Trade Union lists
Directory of Directors.

Each of these lists is of particular value for certain purposes. Go over it and ask yourself if you can offer anything that could appeal specially to any of these groups as a whole.

Names can be purchased from mailing list companies but these are frequently incomplete and contain too many "dead" names.

It is sometimes profitable to make an arrangement with the local furniture mover or real estate concern to help you get the names of newcomers so that you can "get after" them right away for their patronage.

Answers to the following questions will help you to decide what to circularize and to whom to circularize it.

1. Is the profit sufficient to justify the expense?
2. If I can secure an order from a person will it lead to repeat orders?
3. Is the price so high as to make the number of possible buyers too small to justify circulating a complete list?
4. Is the offer permanent or temporary?
5. What "use" appeal can be made in the letter?
6. Can any offer be beaten or duplicated by competitors?
7. What definite reason can I give for buying *now?*
8. Are there any unusual features the telling of which will interest the readers?
9. How much business must I get to justify the expense?
10. Have I enough in stock to meet demand?
11. Is it seasonable?

There are special seasons of the year when offers can be appropriately made,—Easter, Christmas, Commencement, School opening and so on.

A druggist used to keep track of births. To the newly arrived youngster he sent this letter.

My dear Young Lady (or Young Man).

Welcome to our city and congratulations on being born in such a beautiful place and under such happy circumstances.

You have come into a wonderful world. You will find it full of happiness and you will I know give much delight and joy.

We can help to give you some pleasure if you will let us. For instance, after your bath, it is delightful to have your sweet little body dabbed with fresh fra--grant talcum powder.

We have lots of toilet comforts and dainties to make

little babies happy. Ask Mother to telephone or send for your intimate needs.

May you live long and be a constant joy to your parents and friends.

Your friend,

———

P. S. If you do not get what you want, *Cry for it.*

A furniture house sends the following letter addressed to the new mother:

Dear Mrs.—

You are rejoicing in the recent advent of a baby to your home. Let us extend our congratulations and good wishes.

You will from time to time need things for baby's comfort. This great store pays particular attention to its little folks' department.

Assortments are large and carefully chosen. Goods are all of the best quality, guaranteed to give good service and our prices will please you.

You will find here plenty of Cradles, Bassinets, Baby Walkers, Stair Gates, Play Yards, White Enamel and Brass Cribs, Crib Mattresses, Nursery Chairs, High Chairs, Children's Morris Chairs and Rockers, Tea Chairs, Dolls' Beds and Furniture.

Call on us for these things as you need them, and also for anything you want in home furnishings. We will more than please you,

We are, with best wishes,

Yours to serve,

———

The same concern uses the following letter to newcomers in the town with great success. They know just the day the new people "move in" by arrangement with the furniture movers so their letter arrives "just right."

Dear Madam,—

Moving into a new home usually makes some new furnishings necessary. Perhaps new carpets for the stairs and hall, a room rug, some new matting or linoleum, new window draperies, portières, porch and piazza furniture, or other home furnishings. We are able and eager to supply your needs, save you money and assure you complete satisfaction.

Our stock is large and varied, attractive and serviceable—popular-priced rugs, draperies, pianos, beds and bedding, ranges, refrigerators and up-to-date stylish reliable furniture in great variety for every room in the house.

Come and see us. Any of our salesmen will gladly show you through the store and give you any information in regard to home furnishings that you may desire. This will of course place you under no obligation to buy.

Should you desire a credit account we shall be glad to arrange this also.

We look forward to making your acquaintance at any early date.

Yours to serve,

———————

There is no end to the special occasions which prove a splendid opportunity for a business-winning letter. Work up letters which will fit special occasions that tie up with what you have to sell. It is then a simple matter to send a copy of the right letter every time opportunity permits. Sending sales letters in this connection can be made a matter of routine.

The value of a letter can often be proved by giving the letter a cost value. After the offer you can say, "Bring this letter with you. It is worth ten cents

toward the purchase of any of these splendid—" (whatever you may be offering).

Have I said enough to show some of the uses of, and profits from, letters?

First cousin to the mail campaign is the telephone campaign. The telephone can be made profitable especially during the so-called "dull hours" during the day. There is of course more danger of offending customers but if one is tactful and has prepared carefully before lifting the receiver little trouble will be experienced while much business can be secured.

Of course grocers use the telephone regularly in calling their regular trade. But new customers can be secured by 'phone even by grocers, while druggists, stationers and most retail merchants who deliver can get business over the 'phone.

In using the telephone remember that the *voice* represents the store. Make it pleasant, cheery and distinct.

Put a smile in your letters and telephone talks and people will invariably give you another one in exchange.

Using the mail and the telephone is a lot of work and trouble and bother—but the retail merchant who will use them will get trade from others who are too "busy" (which generally means too apathetic or indifferent) to profit by these chances of profit.

CHAPTER XVI

THE WINDOW

The store window is a device for helping to sell goods.

Keep that fact everlastingly in mind and you will avoid doing "clever"—yet stupid—stunts. It matters not how attractive and interesting a window may be, if it doesn't sell goods it is a fizzle. This applies to the unit store—the small specialty store—specifically. The department store with twenty or thirty windows can afford to devote one or two of them to "stunt" windows but the small store is not justified in using his windows for any other purpose than to *sell goods.*

This does not mean that a window must never contain anything but merchandise but that whatever may be put in shall add to the attractiveness of the merchandise and be consistent with the policy of the store. The window is the face of the store and indicates its character.

A men's furnishing store contained an interesting novelty which attracted attention but did not help to sell goods. A small well-planned fountain was fixed in the window; the water ascended to varying heights making a most pleasing feature. Above the fountain was fixed a powerful electric light directly

under which was a slowly revolving disc containing different colored lenses.

The effect of the different colors on the playing water can be imagined. People stopped to look at the display and went away saying, "What a clever idea." Yet they did not go into the store for a cravat.

Another retailer in another town had a water display in his window. But the water was held in a waterproof coat. In the water were swimming a number of gold fish. A sign at the back of the display said, "Raincoats that really keep out the rain."

That display sold raincoats and the people still said, "What a clever idea."

Here's another example.

A large store in an eastern Massachusetts city had a big window devoted to a "patriotic" display during the war. The window was specially trimmed for a window dressing contest. The scene represented a trench above which two or three wax "doughboys" were clambering. Shells, broken swords and such like débris were scattered around. Altogether it was an interesting display. People looked at it, admired —and passed on.

A small window next to this display was filled with untrimmed straw hats marked "All one price, $2.95."

After a half hour test it was found that several people stopped at the little side issue display and then went inside the store but not a single one of the admirers of the patriotic window were seized with a desire to buy anything.

As an example of a patriotic display that sold

goods we can look at the window of a good class grocer in uptown New York. This grocer had gathered together groceries of all kinds that were made abroad. He got spaghetti from Italy, biscuits from England, cheese from Switzerland, canned sauerkraut from Germany, caviar from Russia, truffles from France, muscatels from Spain, ginger ale from Ireland, oatmeal from Scotland, sardines from Norway and so on. Practically every country in the world was represented in the collection.

Then he procured similar articles made or grown in the United States. Next he bought a number of tiny "Stars and Stripes" and tiny flags of all the nations represented in his collection of goods. Then he was ready for his window.

He placed an imported article and its domestic counterpart side by side in the window. On the imported article he placed the flag of the country from which it came. On the domestic article he placed the Stars and Stripes.

At the rear of the window he placed a line outline map of the world. Only the names of the countries were given so that it was easily read (this was just before the war). Then he connected the imported article with its country by a narrow red ribbon.

Each article, domestic and imported, was priced, but on the "domestic" price ticket was the slogan "A little cheaper and a little better," (thus making it a talking sign).

Every one was stopped by that window display. A person would look at an article and his eye would

run up the ribbon and back again to the article. Surely this was a splendid patriotic window—and it created a lot of talk and a lot of business.

A circus was straggling through Montana some few summers ago. It had been "out of luck" for several weeks. Its life blood—cash—was about depleted. After hitting a small town it hit the rocks—and died; it went broke and the artists scattered.

The "props" and some freaks were sold. Among the latter was a mummy. "Phroso the Egyptian Princess—ten cents a look at the beauty who broke hearts and upset dynasties in ancient Egypt." You know the kind of ballyhoo that goes with circus side shows.

Some young fellows bought "Phroso" with the idea of running a freak show in empty stores. A friend of theirs was the owner of the best dry goods store in the town so they offered him "Phroso" as a window attraction for a few days.

To their surprise the dry goods man declined with thanks. When asked for his reason he replied, "I don't sell mummies, you see. I'd look several kinds of an ass if some one came in and asked the price of mummies! No, boys, I sell live stuff. I'm not selling dead ones—for my trade are not that kind."

Once more let me say, "The window should be used to show what you want to sell."

There are two big laws to observe in decorating a store window:

1. The law of single appeal.
2. The law of association.

The first law calls for a display of one kind of article. Tooth brushes, let us say, and nothing but tooth brushes. When one kind of article only is displayed, only one appeal is made to the passer-by. Yet that appeal is exceedingly strong, so strong that it will arouse the desire to buy in people who had no thought of buying until they saw that big single appeal display.

The second law calls for a display of articles which are associated. For instance with the tooth brushes would be displayed tooth paste, tooth powder, dental floss, mouth washes, etc. Then if anybody was interested in any kind of a preparation for the teeth she would see it in the window.

One law is not better than the other—they are merely different and each has its value and use.

As a general rule, associated article displays are more valuable in big cities while single article displays attract proportionately more attention in small towns.

If a small town store always uses the "mixed" window it quickly becomes an old story with the public. They face the window daily without really observing what is in it. But if, when they pass it to-day, it is full of pickles they notice that "Brown has a fine lot of pickles on display." Then a few days later they see the window full of tea they at once notice it.

Neither small town nor big city store should use one kind of display—single or mixed—all the time, of course.

There is a reason for seeing that articles used in a mixed window are associated. The use value of every commodity appeals to certain instincts in people. If the goods displayed arouse instincts that clash the buying impulse is destroyed.

In a little bit of a country town I once saw a drug store window jumbled with all kinds of goods. Amongst the things on display were candy, perfume, insect powder, face powder, catarrh remedy and stain remover!

After reading this list—how would you like some of the candy?—No?—Exactly!

Unless you run a very high class store put price tickets on your goods. Many a passer-by has been attracted by a charming waist or hat or such like, but because there was no price on it, she passed by. She did not like to go in and ask the price fearing it would be more than she would care to pay. Not wishing to appear "small" in the salesperson's eyes, she went elsewhere. Of course it's foolish of her to feel that way but the retail merchant does not deal with people as they ought to be, but as they are.

Neat price tickets, especially if they carry brief "reasons why" for buying, add tremendously to the selling power of the display.

A window display may be perfect in form, color, arrangement and combination, yet the whole effect is spoiled if the windows are dirty. Keep the windows clean—and while at the job, wipe the woodwork around them.

See that an inside display is made of the goods

shown in the window. Be sure that salesmen are familiar with everything on display and that they talk about it. Thus full benefit is secured, for customers first see the window display, then the store display and finally the salesman mentions them.

How is your name shown? Is it easy to see or do people have to crane their necks to locate it. By all means have your name displayed so that it can be seen across the road, but also see that passers-by know who you are even on a wet day. A good plan is to have a metal name plate on the bottom of the window.

Every window display should have a dominant idea. Do not display goods just to display them. Unless there is a *reason* for the display there is no *need* for it. If you can emphasize the reason for the display in the arrangement of the goods it is a wise plan to do it.

For instance, in the spring time there is a demand for garden tools. The hardwareman may make a mixed display of them and yet not strike a dominant note. Imagine, however, the effect on the public if he covered the floor of the window with rich soil one inch deep and planted it with grass seeds and pansy seeds and such like. Then around this live, growing exhibit he displayed packet seeds, rakes, hoes, trowels, lawn mowers and such like. Such a window would attract attention and *sell* gardening tools and seeds.

Color can often be used to emphasize goods and seasons. Bright green for spring goods display, red and gold for Christmas, browns for autumn, white

for Easter, and so on. Such colors should predominate when goods are on display that "tie up" to a season.

Colors should be used with caution, as the color of the decorations may attract attention which is wanted for the goods. For this reason permanent backgrounds should be of a neutral color such as French Gray. Also as far as possible, see that the background does not make reflections.

Paper flowers can be used to good effect at times. Indeed it is a good investment to have a small stock of plain and flowered crêpe paper and other paper ornaments. In using colors in a window display, observe the following rules:

1. Use dark colors below light ones.
2. Use light colors in dark places.
3. Never use more than three colors in one window display.
4. Never put two floral designs near to each other.
5. Use either contrasts or graded shades of one color.
6. Use soft colors where the permanent coloring of the store is pronounced.
7. In summer use cold colors, white, light green, light blue.
8. In winter use warm colors—red, light yellow, orange.

In tacking crêpe paper, double the ends over twice to give it strength. You should stretch crêpe paper if you want it to be flat and smooth. Use pins freely in fixing paper. If you put two pins together you can drive them like a nail and they look less conspicuous.

The Following color combinations are useful:

a *Black* harmonizes with red, light blue, orange, green and yellow.

b *Blue* harmonizes with, yellow, orange, red, scarlet, normal red, green-yellow, orange-yellow, orange.

c *Violet* harmonizes with yellow, yellow-green, orange red

d *Red* harmonizes with dark blue, green, yellow

e *Purple* harmonizes with orange, blue green, orange yellow.

f *Yellow* harmonizes with red, blue, seagreen

g *Orange* harmonizes with purple, blue-green, blue, black, green and violet

h *Green* harmonizes with orange, scarlet and violet.

White makes a "third color"

The following combinations "fight." Don't use them.

Orange and purple.
Violet and scarlet.
Green and blue.
Green and orange-yellow.
Blue and blue-green.
Purple and pink.
Green and turquoise.
Violet and normal red.

Makers of crêpe paper will supply you with color combinations and suggestions for the artistic use of crêpe paper in decorating windows.

Let us suppose you've made a really wonderful window display. How long should it stay in?

The answer is, not so long that it becomes an old story, certainly not more than a week. For prefer-

ence the windows should be changed twice a week under ordinary conditions. Of course fruit, candy, meat and flowers, etc., must be changed daily.

Many kinds of displayed goods spoil and look dowdy very quickly—and such goods eat up profits. Of course, all displays should be protected from a strong sun by an awning, yet any kind of goods left in the window for any length of time loses its attractiveness and becomes a detriment to the business.

I saw a wonderful display in a little bit of a town. It had the best and livest collection of flies ever gathered in one window. We all see good displays decorated with dead flies scattered like spoiled currants in a stale cake, but this particular window had 'em "all alive." One would think they were for sale until you observed the hunk of meat in the window—even then we might wonder if the meat was not there for the benefit of the flies.

Honestly now—haven't you seen things just as bad? Reminds you of a lady who said, "I want that chocolate frosted cake." The shop-girl waved her arm and said, "That ain't a chocolate cake, it's a plain one"—and behold it was!

Flies are a nuisance anyhow in the summer time, but they can be kept out of the window. Electric fans help, but do not let the fans blow too strong nor directly on the glass. A druggist tried that plan, but found it caught the passing fly and held him against the window until he died—presumably of inability to breathe.

It is said that the odor of mignonette is so offensive

to flies that they will not go near it. A few sprigs of it in the window clears it of flies. A little perfume of sweet pea is also said to drive away the flies. I have not verified these plans, but it would be well worth while to experiment with perfumes to see if any of them really offend the flies—but be sure that they do not offend the customer also. I cannot believe that any self-respecting fly would hang around a skunk—but as an adjunct to a window—well!

A small saucer of formaldehyde placed in the window at night will kill every fly there by morning—that is if the window is boxed in.

There is another window nuisance which retailers have to contend with—steaming and frosting during cold weather.

The best method to prevent this annoyance is to build a solid background that provides some good method of ventilation so that the air inside the window can be at the same temperature as that on the outside. So long as the temperature is the same on both sides of the glass there can be no steaming and consequently no frosting.

In some cases it is impossible or undesirable to build up the background and so cut off the window from the store, though in most cases it can be constructed of glass and would not seriously lessen the amount of light conveyed throughout the store.

In such cases, dissolve 55 grams of glycerine in one pound of 62 per cent. alcohol, containing, to improve the odor, some oil of amber. As soon as the mixture clarifies it should be rubbed over the

inner surface of the glass. This treatment will not only prevent the formation of frost but also stop sweating.

A good arrangement of merchandise may be spoiled because the window is too deep or too high or too narrow. There is no "standard" form of window that suits all kinds of stores. When considering new windows do not give the job to a carpenter; consult a good firm of window builders. It will possibly cost you a little more in the first place but you will have something that fits your needs and which is designed to *sell goods.*

Avoid big letters on the window itself and *never please*, allow a missing letter to remain missing. Walk up any small town street or suburb and you will see some store with the name or business in big white enamel letters—and one or more letters missing. Such an arrangement looks as pretty as the smile of the schoolboy with one or two teeth "absent without leave."

The arrangement which lasts and which looks dignified is a small gold letter with a narrow black edging painted on the window.

In arranging goods in the window the following rules are worth following:

1. Do not overcrowd.
2. Do not display boxes unless the contents of some of the boxes are also exposed to view.
3. All displays should "head up" to a point so that the eye is naturally carried from one thing to another.

(This arrangement also prevents a "top heavy" appearance to the display).

4. Display small goods in front of larger ones—never display small goods behind large ones.
5. Goods displayed in front of the window should be near the bottom of the window.
6. Goods displayed in rear of the window should be about 5 feet 6 inches to 6 feet from the level of the sidewalk.
7. Goods in between these two extremes should vary in height according to the distance they are from the front of the window.
8. Place no articles together whose colors clash.
9. And once more *Do not overcrowd.* Most windows contain too much merchandise.

This first and ninth rule can and should be broken when you are running an emphatically cut price sale and where you are appealing to the sub-market trade—to the people who must make the dollar stretch as far as possible.

There is an economic factor involved in the window (as suggested in chapter VII). Of course, we allot a certain part of the rent to the window. The department of the store which is displaying merchandise should be charged with the estimated rent value of the window for the time the goods are displayed.

Window display is *advertising.* It is advertising just as surely as an announcement in the newspaper is advertising. You check up the return from your newspaper advertising as accurately as possible and if you find that certain articles do not pay to advertise you drop them and use your advertising appropriation where it will give the greatest return.

The same policy should be followed with your

window advertising if it is to be considered as seriously as it deserves to be.

This all means a lot of bother and annoyance and trouble and nuisance and every other kind of an excuse for being lazy that a retailer can think of. But the merchant who will tackle the job and master it will find it not such a burden after all and he will be ahead of his competitor who runs his business on hunches and rule of thumb.

Have you ever studied the window displays in other stores in your town. Observation and imagination will give you scores of new ideas. Every good window display can be adapted to your needs. The hardwareman can adopt and adapt that clever window of the dry goods man—and vice versa. Originality does not imply the creation of new ideas—that's practically impossible—but of absorbing existing ideas, and making them express your own individuality.

Every store window display does one of three things. It either attracts or repels or makes no impression at all. Just stroll up Main Street and see what the other windows do.

Then, when you come to your own store window, look at it through the eyes of the customer. Try to see it as it *really is*, not as you have been *thinking* it is for years past. Notice its drab paint, the smudge on the glass, that advertisement for a church tea scramble (I suggest that you quit putting local affair advertisements in your window. Tack them

on the wall or at the rear of the store—but not in the window), that price ticket which has fallen on its face, the shabby paper on the bottom of the window and—

Stand in front of it and see whether your window says "Welcome" in pleasing, coaxing tones or does it grimly announce, "Abandon hope all ye who enter here."

CHAPTER XVII

BUYMANSHIP

But you must have the goods that the customers want.

I would like to see this line printed on a card and hung in front of every small store proprietor's desk. It does not matter how clever he may be in every other angle of merchandising, if he has not bought the kind of goods that his public wants he cannot be a success.

We read a tremendous lot these days about salesmanship—and goodness knows it is necessary—but we do not hear as much as we should about buymanship.

The question is sometimes asked, "Which is more important, buying or selling?" Neither is more important. You cannot sell goods unless you buy the right kind of goods, and you will have merchandise on your shelves unless you sell it properly. The best plan is to consider both of them most important at the time you are using either one or the other of them.

Before beginning to buy goods you must have some idea of what you are going to sell. It is first necessary, therefore, to plan a sales quota which provides the basis for your buying quota.

No retail merchant should think of starting his

year without having a definite sales quota planned for the ensuing year, not merely the total for the year but how much business he plans to get month by month, week by week. Even this is not enough. He should know how much he plans to secure every week of the year in the major items of his stock as well as the total sales of each department.

With this sales quota in front of him he has a definite standard by which to estimate his buying. Not only that, he has a buying calendar, that is, he knows not merely how many collars he has planned to sell during the year but he knows what months he has planned to sell them in. He can, therefore, arrange his purchases so as to have the merchandise coming in, in a regular steady flow throughout the year and in the right volume to take care of his estimated sales.

'That is all very well," the retailer may say, "but how am I going to know what I ought to sell next year?"

There are plenty of ways by which one can estimate quite closely what he should do. Here is a list of nine questions, the answers to which would give the retailer a good indication of what he ought to do for the ensuing year.

1. What was last year's business?
2. Was it exceptionally good or exceptionally poor?
3. What normal increase was made last year over the previous year?
4. Has any new competition recently arisen in the town?

5. Has any old competitor recently gone out of business?
6. Is the store itself newly established?
7. Are any new advertising or sales policies contemplated?
8. Have any new departments been added to the store?
9. What are prospects for business in the coming year?

Now just let us look at these nine questions and see what they tell us. Of course, the first one gives us the actual accomplishment for the past year. Naturally the last year's business should be departmentized so that in planning normal increase, it can be planned by departments rather than by total.

The second question is important. If trade was exceptionally good it may not be fair to expect the same ratio of increase for the coming year. Likewise if trade was particularly poor, a decided increase of business could be planned for. In comparing increases, many merchants merely compare by sales totals. This is not by any means a true index of increase or decrease.

Let us suppose that a men's clothing store did two hundred thousand dollars' worth of business last year while the year before it took in one hundred thousand dollars. It would appear on the face of it that the store had doubled its business. But suppose that the cost of clothes had doubled. So far as the actual number of suits sold is concerned, that store has made no advance whatever. In fact it might safely be said that it has lost ground for unless a store continues to make progress year by year it will surely lose business.

So in comparing one year's business with another, the retailer must consider whether or not the increase or decrease of business is due to increase or decrease in price or whether—as it should be—the increase is due to selling more articles to more customers.

Many merchants during the past few years have been congratulating themselves on the big increase of business they have been doing but actually they have been selling less goods to fewer customers, the increase coming merely from the inflated prices that have prevailed.

The third question was, "What normal increase was made last year over the previous year?" The best way to arrive at this normal increase is to take the total figures for the past five years, let us say, and see what the average increase of business has been. Ten per cent. is, of course the general average of increase which a unit store should make year by year.

If new competition has come into the town that fact must be taken into consideration in planning the sales quota. It does not make any difference how inefficient a store may be it will get some trade, and some of that trade is taken from your store.

Has a competitor been removed? If so, plan in your sales quota to get your share of the defunct business' trade.

Is your store newly established? If so, you should plan for a substantial percentage of increase for the first few years and not be satisfied with an ordinary ten per cent. increase.

Have you changed your sales or advertising

policies? If so, estimate as carefully as you can what effect it will have on your sales.

And finally, have you added a new department during the year or are you adding one in the present year? If you started a new department last year that department should show a larger percentage of increase than older and established departments. If you plan to open a new department during the present year all the business that you plan for that department is in addition to the normal increase made in the other departments.

This is a point that is well worth watching for unless one is careful the sales attention given to new departments leads to sales neglect in older departments.

A kitchen furnishings store added a toy department and the proprietor was delighted to notice at the end of the year that the toy department was responsible for over six thousand dollars' worth of business.

"It's a mighty good thing we started that department," remarked the proprietor, "otherwise we would have been in a hole. As it is we only show a thousand dollar increase over last year's business."

He looked upon his sales incorrectly. While his total sales showed an increase of one thousand dollars, his sales on established merchandise had fallen off five thousand dollars. Instead of congratulating himself on having made a small increase, he should have been seriously disturbed over the falling off in sales in established departments.

There are other ways in which a merchant may estimate his buying capacity, and one of these is through the spending capacity of his community.

There are all kinds of statistics available for the retail merchant which will tell him how much of a given commodity the average family will consume through the year. For example, the average family of five will consume:

Meat and Poultry	378 lbs. a year
Fish	69 lbs. " "
Cereals, Crackers, Bread, etc.	1113 lbs. " "
Sugar	163 lbs. " "
Candy	10 lbs. " "
Fresh fruit of all kinds	569 lbs. " "
Prunes, Raisins, Currants	35 lbs. " "
Canned Fruit	47 lbs. " "
Potatoes, white	778 lbs. " "
Potatoes, sweet	48 lbs. " "
Ice	2800 lbs. " "

Suppose a man had a general grocery store in a town of ten thousand people and suppose there were nine other general grocery stores in the town. He knows that there are normally five people to the family so that in his town there are two thousand families.

As the trade of these two thousand families is divided between himself and his nine competitors, each merchant caters normally to two hundred families. That would mean that his two hundred families would buy approximately seven thousand pounds of prunes, raisins and currants during the year. Of course in opening a new store in the town

he may not be able to "do his share" of the trade right away.

The size of the stores must be considered but when one knows the per capita consumption of an article he can gauge with some degree of accuracy how much of that article is actually sold in his town. Knowing how many competitors he has and the strength of these competitors he can arrive at how much business he ought to do and that gives him a mark to aim at. It gives him something by which to estimate his buying quota.

Here are some more figures which might prove interesting to the general dry goods store proprietor:

	Husband	Wife	Boy of twelve	Girl of six	Boy of two
Summer Clothing:					
Hat	1	1		1	1
Union Suits	3	2	3		
Suits	⅓				
Skirts		½			
Cotton waists		*3			
Dress waists		½			
Cotton dresses		*2		*6	
Petticoat		1		2	
Low Shoes		1	2	2	2
Cotton gloves		1			
Trousers			2		
Overalls			1		
Drawers				5	3
Nightgowns				1	1
Winter Clothing:					
Hats	½	½		½	1
Overcoat	¼		½		½

* Made at home.

	Husband	Wife	Boy of twelve	Girl of six	Boy of two
Sweater	½		½	½	½
Union Suits	2	1	2		1
Suits	⅓	½			
Gloves (or mittens)	1	½	2	1	1
Dresses (wool)		½		*½	
Coats (wool)		⅓		½	
Petticoat		1		1	
Shoes		1	3	3	2
Trousers			1		
Drawers				2	2
Nightgowns				1	1
Year Round Clothing:					
Work trousers (or Overalls)	2				
Dress Shirt	1				
Work Shirts (cotton)	5				
Night shirt (or night gown)	2	2	2		
Cotton socks (or stockings)	12	8	12	12	10
Dress Shoes	½				
Work Shoes	2				
Rubbers	½	1	1	1	
Cotton work gloves	6				
Collars	6				
Ties	2		2		
Handkerchiefs (cotton)	8	8	6	6	
Garters	2		*2	2	2
Belts	½		½		
Suspenders	1				
Umbrellas	½	½			
Hats (or caps)	1		2		
House dresses (cotton)		2			*3
Aprons		*1		*1	

* Made at home.

	Husband	Wife	Boy of twelve	Girl of six	Boy of two
Corsets		2			
Corset Covers		2			
Combinations		2			
Suits (wool)			1		
Undersuits				4	4

All these figures listed here are secured from publications issued by the Bureau of Labor Statistics, U. S. Department of Labor. They apply to the working man's family. Naturally, they do not represent the complete clothing expenditures for the family. They are quoted merely as an indication of what is available for the asking.

The per capita consumption or the family consumption in practically every item can be secured from the Bureau of Labor. Such statistics are a mine of valuable information for the retail merchant. Other information of a similar nature can be secured from manufacturers, from trade associations and from trade journals.

The retail merchant who analyzes his field, who studies his community and the kind of people contained therein, who estimates the buying capacity of its people not merely in total but in kind is the merchant who buys the class of goods that the customers want.

All that has been said in this chapter so far really refers to planning a sales quota but that is a prerequisite to planning a buying quota. Let us assume that we have arrived at a buying quota and a buying calendar—that means the total amount we will buy

for the year and at what periods of the year we will buy it, and with that data in front of us we are prepared to consider the problem of buying itself.

The first thing that the retailer should consider is whether he is buying for the sub-market trade, the market trade or the market plus trade.

Let us suppose that we are considering wearing apparel. Now there are three main factors to be considered in wearing apparel, viz: quality, style and price. If we are selling to the market minus (cheap) trade, price is the first thing we must satisfy and after that comes style and then quality. That is the order of the three factors of wearing apparel to be sold to people who must make their money go as far as they can. With the market (medium) class of trade, quality assumes first importance, then price and then style, while the market plus (fine) trade considers style first, then quality and lastly price.

If a merchant is buying clothes for the cheap trade, he must first satisfy himself that the price is right. If quality and style are right but price is wrong, he cannot afford to buy. In selling to the fine trade, price is the last thing to consider.

It is important that the buyer for style goods know styles. He cannot know styles by staying in his store and just listening to what traveling salesmen have to say to him. He should study his trade journals; he should visit the manufacturers and he should go where the fashion is, i. e., he should visit the theaters, concerts and the lobbies of the

better-class hotels and notice there what the "four hundred" are wearing. What they wear to-day, the average woman wears to-morrow.

Now suppose a salesman visits a grocer and tries to interest him in a line of peaches in glass. If the grocer were selling to the cheap class of trade, he would list the "talking points" of those peaches, as follows: one, price; two, size; three, color; four, quality; five, flavor. If he were appealing to the medium class, he would list as follows: one, quality; two, flavor; three, price; four, size; five, color. If the grocer was selling to the highest class of trade, he would list these "talking points" thus: one, size; two, quality; three, flavor; four, color; five, price.

It will be seen from this that the merchant must look for different qualities in an article, depending upon the class of trade to which he is appealing.

Many retail merchants make the mistake of spreading their orders too thin. Buying single cut-price leader lines splits orders and profits no one. If you only buy the cut lines or leaders from the wholesaler or the manufacturer, your account is of little value to him. You cannot hope to receive consideration from him either in extension of terms or a special rush of delivery of merchandise. In times of scarcity, a manufacturer will look after those retailers who have given him a substantial part of their business, while those who merely have used him for convenience or bought an odd line from him, will receive scant consideration.

It is a good plan for the retailer to confine the bulk

of his jobbing trade to one jobber. His account is then valuable and he can demand and get more consideration than would be the case if he were but a casual trader.

In buying dress goods and such like the retailer is wise to bunch his trade with one manufacturer even if he has to pay a rather high price in some lines. To be considered a valued customer by some manufacturer is worth a tremendous lot to the retail merchant, especially if he wants to put on some special sales.

Let us suppose that a dry goods store wants to put on a special sale and they want to offer a line of shirt waists to retail at $2.45. The buyer can go to the manufacturer and say to him, "We want to buy a line of waists for our spring sale to sell at $2.45. Now the kind of waists that we want to sell is your number—, for which we pay you $2.50. Can you let me have twenty-five dozen of those waists or one similar to it, specially for the sale, at a price that will enable us to sell it at $2.45 and still give us a slight profit? Now I am not going to ask you to establish a lower price for me, but I want you to help me with merchandise so that I can make this sale a success."

The manufacturer may not accede to the request but he is more than likely to make up something especially for that retail merchant whose trade he values. The retail merchant can hope to get special leaders from jobbers or manufacturers who receive so much of his trade that it is worth their while to work with him on such special occasions as mentioned.

All things being equal it will pay a retailer to buy advertised goods. It is more difficult to sell unadvertised goods if there are similar articles on the market which are well-known. The buyer should demand a larger margin of profit on unadvertised goods than on advertised goods because more time and effort is required to sell unnamed unknown merchandise.

Mr. Buyer, let me impress upon you that the traveling salesman is after all a human being. He is neither a professional glad-hand artist nor is he an animated door-mat. Strange as it may appear to some buyers, traveling salesmen are after all decent fellows, many of them are happily married and have families.

Seriously, many buyers lose good trades because they do not give to visiting salesmen the ordinary courtesy which they themselves would expect were the positions reversed. The traveling salesman is not a nuisance; he is essential. While naturally you want to visit the markets, if only to broaden your scope of imagination and study conditions for yourself yet how much you rely on the integrity and capability of the traveling salesman, and how seldom is your confidence in him misplaced.

Do not try to be tricky with the traveling salesman. If you do you are really asking for trouble. Traveling salesmen talk to one another and many buyers would be surprised to know how the word is passed around that "so-and-so always 'beats you down' on price, so stick on about ten per cent. so that you can knock it off for him, when he asks for it," or "Watch

out when you call on Mr. Blank, he is a grouch," or "When you do any business with Dash, be mighty sure you get everything in black and white; he's tricky."

Be courteous to the visiting salesman. Even if you cannot buy from him, tell him so with a smile. Try to earn a reputation for being a "bully good fellow."

Try to "sell" to visiting salesmen the idea that you are a good man to do business with and that your store has a reputation for keeping its promises. Such a reputation will cause bargains to gravitate to you. All things being equal the traveling salesman will offer any special line of goods that he has to those buyers who are friendly and considerate to him.

Buymanship ties up very closely to salesmanship, as can be seen, for the buyer really has to "sell" good-will, and friendliness and coöperation to the visiting salesman.

Be cautious about buying cheap lines. If you are offered a job lot of merchandise at a low price, do not let the price sway your judgment. It is possible that the concern offering those goods cannot sell them in the regular way so is sacrificing on price to get rid of them.

If the maker cannot sell them, the probability is that you cannot sell them, so before buying special offers, ask yourself if your trade can absorb those goods readily. If not, do not buy, for goods are dear at any price that stick on the shelves until they become candidates for the junk heap.

In your endeavor to be friendly with visiting salesmen, do not tell them all you know.

A grocer had planned to open a branch store in Hollyville, a suburb of the town in which he lived. In talking with a traveling salesman with whom he was on good friendly terms, he mentioned that he was looking around for a store in that suburb because he believed there was a good opportunity there. The salesman agreed and after saying so, business was discussed, and in due time the salesman left.

In visiting another near-by town the salesman happened to mention how Mr. Blank (the first grocer) was growing. "He is doing a splendid business and is a very progressive merchant. In fact he was telling me when I saw him last week that he was going to open a new store in Hollyville. He told me that there wasn't a decent grocer in the town and he expects to make quite a killing there."

The grocer to whom he had been speaking was also a progressive merchant and he thought to himself, "If Hollyville is good enough for him it might be worth my time to look into it." The result was that the second grocer visited Hollyville and was fortunate enough to secure a location at which he promptly opened a fine store. The first grocer gave up the idea of opening in Hollyville under the changed circumstances. He felt that he was just "out of luck," but as a matter of fact it was because he had talked too freely to the salesman.

Now that salesman was not dishonest and certainly would not have said anything had he realized that it might hurt his customer. It is, however, so easy for the live salesman who is always on the qui vive

for good ideas to pass on to his customers to give away advance information which might cause hurt to your business.

While you should be cautious about what you say to traveling salesmen about what you plan to do, encourage the salesman to talk all he will. Salesmen possess the same faults and weaknesses as every other kind of man. Some are vain and conceited, some talkative, most of them ambitious and most of them good fellows.

With a little encouragement the talkative salesman will tell all he knows not only of his own business but also of his customer's business. The conceited salesman will go out of his way to do things for the buyer who flatters his conceit.

To such a salesman say, "I think that eight dollars is too much for those hatchets, and I can't afford to pay more than seven twenty-five for them. Now I know that if you put it up to your house you can put it through for me; you seem to be able to do almost anything you wish. I will leave it to you, I know how well you stand with your house." This, of course, is merely an indication of the kind of argument to make when you want a salesman to do something for you. The probability is that he will go out of his way to live up to the good opinion that you have of him.

In trying to get a lower price on an article, do not say, "I will give you nine dollars," but say, "I could sell some of those if I could get them for nine dollars." In the first case you are merely fighting

for a lower price; in the second place you are really giving a selling condition which the salesman has an opportunity to meet.

The buyer buys two things, he first buys the goods and then he buys the terms. (The value of—let us say—sixty-day extra dating has been discussed in a previous chapter). When you are buying, first of all secure the lowest price you possibly can. After having secured the lowest price, get the best terms you can. While many responsible houses have a fixed price irrespective of quantity there are a number of houses who still give concessions if necessary.

The time to fight for discounts, or prices, or terms is the first time you buy from a house, for once you have established your trading terms with the house you have created a precedent. Therefore, always fight to create as favorable a precedent as possible.

Avoid fly-by-night manufacturers. There are always little manufacturers springing up who in their endeavor to secure business will offer more or less inferior merchandise at a more or less low price. Go slowly in trading with such concerns for if when the goods come in they do not prove satisfactory you may find the maker is not in a financial position to make adequate adjustment. A wholesaler or manufacturer always wants to know something about you before he does business with you. You on the other hand have just as much right to know something about the stability and reliability of the concern you buy from.

Before definitely placing an order for goods, settle in your mind what the sale-price of the article should

be and satisfy yourself that the article will sell at the contemplated sale-price.

When the goods come in the buyer himself should examine the goods to see that they are up to sample. In having the merchandise checked, however, do not turn over the invoice to an assistant but have him write up a list of all that comes in. Assistants are sometimes "busy" or apathetic or "tired" and the result is that if you give them an invoice, knowing that nineteen times out of twenty everything will be correct, there is a temptation, to which they often fall, to put check marks against every item without really counting the shipment.

As soon as the goods are marked get them in stock promptly.

A customer asked a grocer for a certain brand of pork and beans. He looked up at his shelves but found none of the brand wanted, and the customer went out without buying anything. The grocer then wondered why the shipment had not come in and found that it had been lying in the rear of the store for three days, waiting until some one "found time" to open and check the consignment.

If, in checking a shipment of goods, shortage or error should be disclosed, write immediately to the house from which the goods were bought. But do not begin your letter with a scold. First, praise, and then blame.

For instance, suppose a consignment of blotting paper has been received by a stationer and on counting it he finds that there is a shortage. Instead of

writing to the firm and asking them, "What the dickens they meant by not sending the right amount," he should begin by saying:

> "The blotting paper billed by you has just arrived. It is well up to sample and I am quite pleased with it.
>
> On counting it, however, I noticed that such and such a number is missing. Will you have this attended to so that I shall get credit for it, or send the missing blotting paper at once."

You should of course always protest a shipment of foreign merchandise.

In a rising market or a scarce market, the buyer should learn to anticipate his wants. On the other hand he should remember, that he is a retail merchant and not a speculator in merchandise. His profits should come from selling merchandise and not from speculating on the rising or falling of prices.

In times of depression, manufacturers and jobbers are eager for business. At such times the skilful buyer talks lower prices to the small maker (for he is short of cash in times of depression). The big manufacturer, however, is seldom financially embarrassed but he is anxious to keep his business running. To the big manufacturer, therefore, the buyer should offer orders with an extra long dating or with an extra discount for prompt payment.

The small maker wants money right away so he is in a frame of mind to concede something in price for cash. The big manufacturer wants to keep his plant running, so he is in a frame of mind to concede

something in terms to keep the wheels turning 'round.

In times of scarcity, makers tend to stave off deliveries from the easy going buyer so as to satisfy the more insistent buyer. It is wise, therefore, to be very emphatic and definite as to the time of delivery and to reserve for yourself cancellation privileges if merchandise is not supplied when desired. You cannot afford to have goods coming in at the back end of the season, for late deliveries may cause serious mark downs.

If at the end of the year you find that you have secured your sales quota but without obtaining your full percentage of profit you may be reasonably sure that poor buying is the reason. Poor buying includes buying merchandise which does not fit the class of trade that you are trying to reach, buying merchandise that is old-fashioned or inferior, buying a too high-priced line of merchandise, or having merchandise come in toward the end of the season when it should have been delivered well toward the beginning of the season. It is not enough to secure your sales quota. The margin of net profit must be sustained, and right buying is the way to do this.

Beware of the traveling salesman who is very free with cigars or who has a flask of the "real thing" on his hip.

If you happen to have buyers who visit the markets you should insist that under no consideration will they accept any kind of gift, or gratuity or inducement from any salesmen. Suppose you are going to send your buyer to New York, tell him to go to the theaters

at *your* expense. Tell him to have some good dinners at *your* expense. It is going to be at your expense first or last so you had better pay it at first. If a salesman takes out your buyer and gives him a "good time" you can be mighty sure that you are going to pay for it.

A house furnishing buyer was shown a line of brushes which he thought were of unusual value. There was one or two unusual things about them which attracted him very much. He became so enthusiastic about them that he placed a substantial order for them. To his surprise the brushes did not sell although he assured his salesmen that they were exceptional value and that they should push them. Nevertheless the older makes of brushes continued to sell and the salesmen claimed that the people would not pay extra for the new and exceedingly fine line of brushes.

When the salesman who sold the goods visited the store on his next trip, the buyer told him that the brushes had proved unsalable. The salesman said, "I cannot understand that. Wherever these brushes have been shown they have sold well. Would you allow me to talk with your salesmen to-night for ten minutes when the store is closed?" "Gladly," said the buyer, "if it will help to move these brushes."

It was so arranged and that evening the salesman gave an enthusiastic sales talk on his brushes. He demonstrated why they were better than other brushes and just what the housewife could expect to get from them.

That new line of brushes began at once to sell because the salesmen had the same view of and belief in those brushes that the buyer had.

Whenever you are selling anything out of the ordinary arrange to have the salesman who sold you the goods talk with your salesmen. Your salesmen will then get the same appreciation of those goods that you yourself had and which caused you to buy them. The more often traveling salesmen talk to your help the more knowledge your help will be getting of the merchandise and the more effective they will become in disposing of the goods that you buy.

It is important to arrange delivery dates so as to prevent too many bills falling due at the same time.

When ordering goods, the buyer should enter in a small pocket diary the probable date of payment for them. If he finds he is getting too many bills payable at about the same time, he should either defer delivery so that payment will be required at an "easier" time, or he should arrange for an extension of credit.

If neither of these plans is feasible, he had better buy the merest handful of goods for immediate delivery and have the majority of the order come on later.

Put this suggestion up to the salesman and he will probably suggest that he send you all of your order at once but send two bills, one dated at once for the small amount, and the other dated ahead to a desirable date.

To conclude. There are four kinds of knowledge

which the buyer must have. He must have a knowledge of the goods that he is buying so that he can judge values not merely by comparison with other people's goods but by having an understanding of raw materials and manufacturing processes.

He must have a knowledge of the needs of his community so that everything he buys will fit into his community. It does not matter what the price of the article may be, if it is something that his class of trade cannot buy, he cannot afford to stock it.

He must have a knowledge of markets and market conditions. The buyer cannot afford to be dependent upon the few people who call upon him. He should know who are the worth while manufacturers or wholesalers of everything that he can handle. A knowledge of markets is insurance against being overcharged or of buying merchandise which is inferior in style or make to merchandise offered by some other house.

And lastly he must have an understanding of his own financial limitations. A buyer cannot afford to buy more merchandise than he can conveniently pay for when the account is due. A method of checking up purchases and keeping track of financial obligations is discussed in a chapter dealing with the Retail Accounting Facts.

CHAPTER XVIII

ON STOCK-KEEPING

Every tick of the clock adds to the cost of goods in stock. Interest on the cash invested in an article is ever climbing. Expense in handling and rehandling, dusting, rewrapping and polishing, and what not, is adding to the cost all the time an article is in stock.

Suppose an article that cost $10.00 is priced for $15.00 and the expense is $3.50. Net Profit is $1.50. Is that right? Now suppose that article stays in stock for a year and is then sold. Net profit $1.50? *No*, for interest on $10.00 must be added to the cost and that is 80 cents. If the $3.50 expense allowance is based on the three time turnover there is the extra expense for carrying in stock to be considered, and in addition to that we must remember that we lost the profit for that $10.00 capital which should have been turned over three times during the year. Result, unquestioned loss.

And this analysis supposes that the article is still fresh and seasonable. Isn't it fair to assume that some of the gilt has been rubbed off the gingerbread —and a mark-down must be made?

Good stock-keeping helps to speed up turnover while poor stock-keeping slows down turnover and causes serious depreciation in stock values.

You cannot afford to keep goods in stock indefi-

nitely. Better sell them for a song—and a short one at that—than let old stuff clutter up the shelves.

A good way to keep track of old merchandise is by the use of colored numbered round stickers. Get some small colored stickers—green, let us say—numbered from one to twelve and fix a sticker on every parcel or article that comes in bearing a number corresponding to the month in which the goods arrived. For example, if some gas pliers are received in June you will use a number six sticker and so on.

At the beginning of the second year get a set of different colored stickers—yellow for instance—numbered as before.

How easy it is to check up old stock. Imagine that you have decided that all merchandise that has been in stock twelve months must be cleared out at any price. All you have to do is to notify the help on January 1st to take out of the shelves all green sticker number one goods.

Merchandise can be sold in order of being received much easier by this colored sticker plan than any other way. Salesmen can be warned about November 1st that a drive must be made on all green sticker number one items.

New articles should be placed on the shelves below old ones, thus insuring the sale of the older stock first. In stocking small boxed goods on shelves it is generally better to stock the smaller boxes at the left of the fixture. Should there be any gap between the right hand box and the upright support there will be less likelihood of larger boxes falling over than the smaller ones.

Heavy goods should be stocked near the floor, obviously, and rougher merchandise should generally be kept in the rear of the store.

Dust is one of the worst spoilers of stock. You must wage perpetual warfare against it. Use a dust cloth freely and eternally, for such vigilance is needed to keep the enemy in control.

Drawers left open offer the enemy—dust—an opportunity to steal unawares on the goods contained therein. Keep all drawers and cases closed when not in use. It keeps out dust and makes the store look more attractive.

Quick selling items, and goods that are sold during rush periods, should be stored where they are very quickly reached. Rush period articles—that is, certain goods which are sold heavily for an hour or two a day should be wrapped up ready to hand out on request. Popular candy stores could never handle the rush crowds if they did not have stocks of the popular numbers already weighed and wrapped.

Be careful, however, not to wrap up any commodity that people prefer to see before buying. A grocer who used to sell a tremendous lot of cheese every Friday and Saturday conceived the idea of weighing it on Thursday and having it all ready to pass over to the customer. He found, however, that most women wanted to *see* the cheese so all his effort was lost labor.

Never leave the store at night without seeing that all merchandise is put back on the shelves or hung on the racks, etc. This is extremely important in

dry goods stores. The larger stores seldom transgress in this particular but some of the smaller stores do sometimes "leave things" until morning especially if the day has been an exceptionally busy one and the help is nervously tired.

Fabrics left carelessly lying around will wrinkle, crease and soil very quickly and as soon as the bloom of newness is rubbed off the profit is also rubbed off.

The place in the store allotted to merchandise should depend on two factors:

1. The sales attractiveness of the location.
2. The condition value of the location.

The first of these two factors has been considered in a previous chapter. The second is worth more consideration here.

Consider very carefully what the effect on merchandise will be in any contemplated place in the store. Is the locality one which will keep goods in condition or will it cause deterioration?

For example, perfume displayed where the sunlight can stream on it will lose its color. The odor is there, but people buy perfume by color as well as by odor.

If gloves are stocked over a radiator they will go to pieces quickly. Indeed, radiators generally are unfortunate things to have near merchandise.

Rubber goods dry and crack if kept near heat. Furs should never be stored in a damp place. Stationery should never be stocked where dust accumulates freely. While the contents of stationery

boxes may be perfect, the salability of the goods is hurt, for people buy the pretty box almost as much as the stationery—especially if the paper and envelopes are bought for a gift.

Cigars need real skill in storing so as to keep them in condition. Some goods keep best in dark places, other goods remain fresh if stored in light places. Others need dry storage, others require moist places. This article keeps salable if kept in a hot corner of the store while that article will spoil if kept anywhere but in a cool place. These goods must be protected from rats; these must be secure from sneak thieves.

If you have any question as to the best conditions under which to stock any merchandise, write at once to the maker and find out. Go over your stock and see how well you are treating it. Most retailers will find it desirable to do some rearranging.

When Business curls up and dies, the retailer is tempted to run his stock low. He reasons that poor business will depress prices, so by holding off buying as long as possible he may be able to take advantage of reduced prices. All this is so, of course, but the theory of running stocks low in dull times may easily prove expensive.

If stock is reduced and the retailer says he will not buy until it is reduced still further, he will find himself out of staple and standard lines. If a merchant plans to cut his stock in half, let us say, he will find that popular and quick turning items will be reduced 95% while the slowest moving stock will be reduced but 5%.

However bad trade may be, the retailer must keep up stocks of the every day "bread and cheese" merchandise. The only goods to really hold off buying are the slow moving items. This matter is properly one of buying of course, but as some merchants look over stock values and plan for a *total* reduction before buying, it might just as well be mentioned here as anywhere.

It may be taken as a truism that when stock is low, salable stock is *lowest.*

In putting the price on an article take care not to put it where it might spoil its appearance. A foolish drug clerk put the selling price of some perfume on the label, the result was that new labels had to be obtained from the makers before the perfume had its full sale value. Never put a price label over "directions." It is more than provoking to buy some medicine, let us say, and find directions for use made unreadable by a price mark.

The policy of putting secret cost marks on merchandise is open to question. The practice of keeping a cost price book which can be referred to if necessary has advantages. It is seldom that a salesman has occasion to take the cost price into consideration and secret marks on merchandise are sometimes questioned by customers. On the other hand, where price tickets are detached from higher priced merchandise and sent to the office for perpetual inventory purposes, the cost price on the ticket saves some time.

Three common cost mark systems are:

1. Angle symbols.
2. Added numbers.
3. Letters.

The commonest of the first group is the double cross, thus:

1	2	3
4	5	6
7	8	9

with the X as zero. The symbols spell out thus:

1 2 3 4 5 6 7 8 9 0

The second group has a number of variations of course but the commonest of them is by adding a number before and after the cost price. Suppose an article cost $5.25, it would be marked 35257. The first and last numbers may be anything for they are ignored.

Another plan is to put a false number between each price number, thus: 753235. By taking every other number we disclose $5.25.

The third group is fixed by forming a name or combination of words which do not repeat any letter and numbering them 1 up consecutively. Sometimes, the numbers are reversed—to make it a little harder to solve! The best known of these word symbols is

I N · G O D · W E · T R U (S T).
1 2 3 4 5 6 7 8 9 0

which if reversed would read

I	N	G	O	D	W	E	T	R	U	(S T).
0	9	8	7	6	5	4	3	2	1	

The last matter to consider in regard to stock-keeping is depreciation and value cancellation.

It is highly desirable to depreciate fully. Let stock inventory represent its honest value. What if you do mark inventory figures a little too low—it is only a paper loss which may be turned into an actual profit when the goods are sold.

What folly to mark up merchandise just because the market has risen. The retailer has not *made* the extra profit just because costs have gone up. Merchandise represents a potential profit or potential loss and should not be considered as profit until the goods are turned into cash.

Damaged and soiled merchandise should be depreciated heavily. Old style goods or merchandise that has been in stock an undue length of time should be wiped out entirely in inventory.

Under ordinary circumstances it is wise to wipe out nearly all value of merchandise that has been in stock more than a year. For instance, in taking stock in December, 1921, let us say, all merchandise that was in stock prior to January 1st, 1921 might be omitted from inventory.

Such a plan might make your profit and loss statement look sick and anemic but it would prove a wholesome shock to every one concerned and would cause a drive to be made on old stock to prevent a recurrence of such a condition.

Some businesses may carry stock for a year and

then cut costs in two and not wipe it out entirely until the end of the second year. The method adopted will depend on the business itself and is of little moment here so long as the principle is accepted.

CHAPTER XIX

CREDIT OR CASH?

Which is best for a retail business, cash or credit?

This question reminds one of the old riddle, "Is life worth living?" the answer being, "It depends on the liver."

It depends on the store, the community it serves and the general policy of the store.

In a general way the sub-market (cheap) store should do a strictly cash business. This class of store has a policy of selling as cheaply as possible. It must, therefore, keep expenses as low as possible and eliminate all possible service charges, the two most important of which are delivery and credit.

The plus-market (fine) store appeals to a class of people who want all the service possible and are willing to pay for it. Expenses do not have to be watched with such an eagle eye, for the customer expects to pay for the extra service she gets. This class of store will normally have an overwhelming volume of its business "charged."

Great numbers of retail stores appealing to the middle class trade are often compelled to steer a middle course and give credit where credit is demanded, assuming that the "risk" is *not* a risk.

Charge accounts are a convenience, indeed they are almost a necessity to stores which do a telephone

business, such as grocers. Nevertheless, many merchants would be wise to discourage charge business and bid boldly for cash.

Some merchants reason that if they have a customer owing them money they can be sure of his trade, whereas cash customers can go anywhere. This is surely the reasoning of weakness and fear. If the goods and prices are right cash customers will come. If a charge customer has reached the limit of her credit she buys elsewhere, for cash if need be, until she has squared her account. Thus the very act of giving the maximum of credit sends business away.

Instruct your salespeople to say, "Will you pay for it?" in preference to, "Shall we charge it?" just as you will tell them to say "Will you take it with you?" rather than, "Shall we send it?" Customers will act on the suggestion of the salesman so the salesman should put his questions in a manner which will encourage them to pay cash and carry home their purchases.

It is not always easy to keep customers within a credit limit. So long as accounts are paid promptly there is no need to worry about a credit limit, but as soon as accounts begin to drag they should be watched closely and the customer made aware, tactfully and kindly, that she is straining her credit.

The problem is fairly simple in communities where the retail merchants conduct Credit Bureaus. Where there is no such excellent coöperative organization the retailer must be cautious in giving credit and vigilant in controlling it.

The following rules will help the retailer to extend credit wisely:

1. Do not extend credit to unknown people.
2. Do not let a suave manner and a good appearance be the basis for credit.
3. Insist on references, and when you have them, look them up.
4. If a customer hesitates to give references, hesitate to give credit.
5. Go cautiously in extending credit to those who create an undefined yet bad impression.
6. State definitely what your terms are. Don't let the customer say what he will do. It's your business to say when accounts should be paid—not the customer's.
7. Have everything definitely understood before credit is given.
8. Explain that you must know when to expect payment in order to care for your own bills.
9. Do not hesitate to lose a few customers who will not pay promptly. The reputation that *your* accounts must be paid will cause your bills to be put on your customer's "*must*-be paid" list.
10. Have courage to refuse dubious credit. Many merchants have failed because of this.
11. Request customers who are behind hand to personally call and state why they should have an extension.
12. Do not hesitate to deal quickly with customers who ignore requests for payment or who break promises or trump up "complaints" to dodge their responsibility.
13. Insist on accuracy in your credit charges. Do not let customers discover errors.
14. Adjust all complaints promptly and definitely so that unadjusted items cannot be offered as excuse for delay in payment.

15. Personally examine all uncollected accounts and get a reason for the delay.
16. Be generous to a fault in case of illness or death.

Remember that the retailer has a social duty as well as an economic opportunity.

A retail hardwareman who had a good trade with builders and carpenters had much trouble in collecting and in holding credit to a reasonable limit.

He finally prepared a "credit request" card which every one desiring credit filled in and signed. This card called for the maximum credit desired and the name, address and business of the applicant for credit. The terms of payment were clearly stated on the card which was, of course, signed by the customer. A copy of the card was *mailed* to the customer with a little note saying that credit as *requested* was gladly extended and that the store would do everything in its power to serve the customer and that the store knew that the customer would help by living up to the arrangement.

Should the customer attempt to go beyond his credit he was promptly checked. If he objected (as often was the case) he was confronted with his card asking for the *maximum* credit which he already had. Then the proprietor would say "Mr. ——, I plan my finances in accordance with my customer's requirements. If I gave every one of them only ten dollars more credit than they originally asked for, I would need several thousand dollars extra cash. I'm glad to give you the credit you asked for and which I arranged for but I cannot go beyond that until you have first reduced your account and given reasons for wanting more credit."

This simple plan cured the old credit trouble because it was *begun on a business-like basis.*

When writing for an overdue account use kindly persuasion. You can write a "hot" letter that may bring the check by return mail, but it also brings the enmity of the customer who ceases to be a customer and, to the extent of his power, becomes a competitor.

For small accounts, this sort of letter is often effective:

Dear Sir:

The enclosed small account is somewhat overdue. You probably put it aside to leave in the store some time you were passing and then—it slipped your memory.

As we have hundreds of these small accounts it is important that we receive them promptly for they do not pay for repeated application. Will you, therefore, let us have your check by return.

Don't bother to write a letter—we know how these things will happen. Just pin your check to this letter and mail in the enclosed envelope. An order with the check will make it doubly welcome.

Cordially yours,

Amount of the account is $—.

A simple collective letter that has proved itself a most efficient collector is the following:

Dear Mr.—:

Would you be good enough to let me know the kind of letter I ought to send to you that will promptly bring your check for the enclosed account and at the same time retain your good-will?

Cordially yours,

How much more desirable such a letter is than the old strong-arm letter that threatens all kinds of weird and mysterious misfortune unless a check is forthcoming by first delivery the next morning.

Avoid also the flippant collection "stunts." The rubber stamp which reads, "Make a noise like a check," is flippant and stupid and not befitting the dignity of a responsible business enterprise.

Be cautious in giving credit. Look into the Character and the Capacity of the customer. Having arranged credit conditions insist on them being lived up to.

But, C A S H is the best all the time. You can operate more economically and sell closer if you run a cash business. If the tendency in your store is toward cash have courage to hasten the tendency. Give your old credit customers a long enough time to get accustomed to the cash plan.

When you get to a cash basis, however, you must see that your prices are as low as any one else's. Cash buyers insist on value, give it to them, and you'll find cash trade will come to you. While some credit customers will drop away they will come back after a time if it pays them to do so.

Some stores can readily eliminate credit, others really should give credit. Both are right. Which a store should use, however, must depend on the store itself.

CHAPTER XX

KEEPING THE BOOKS

A retail merchant who found himself in financial diffiulties was being quizzed by a creditor.

"How much do you owe?" he was asked.

"As near as I can figure it," he began, "about eighteen thousand dollars."

"Don't you know exactly?"

"No, you see a lot of goods came in that had been on order for some time and I had forgotten about them. They all came together and—and—caught me unawares."

"What are your accounts receivable worth?"

"Five thousand six hundred dollars."

"Are they really worth that much?"

"I'm not quite sure. Of course, some are old and there are some items I find not charged."

"Good gracious," the creditor exclaimed, "how on earth could that happen?"

"Well," began the retailer, "you see, I enter all charge sales in a day-book—or is it a journal?—and then make out the bills from that book and when they are paid I just mark paid across the items. It's—er—simple and I don't pretend to be much of a bookkeeper."

"I should say that is right," dryly remarked the creditor, "but tell me how much of that fifty-six hundred owing you is, say, less than six months old?"

"Oh! I don't know that, I never bother to total up each month's charges. I don't believe in red tape."

"How are you sure that you have sent out bills to all charge customers?"

"That's easy, I put a check mark on the entry as I make out the bill."

"Suppose your customers don't pay by the end of the month. How do you send out duplicate bills?"

"Why! I go through the book and charge out every item not marked paid. You see, by that plan, if I should slip by some charge one month I'm bound to get it the next month and—and—you see how it is don't you?" the retailer's explanation trailed off into nothingness.

"You bet I see how it is," cried the provoked creditor, "I see that you have absolutely no idea what you have, or what you owe. Your books are a crime and unfortunately your creditors have to pay the penalty."

"Really," the retailer was inclined to be indignant, "I don't think you should talk like that. After all, the books only show what's been done. I believe it better to put my time to buying and selling than waste it with bookkeeping. There's no profit to be made writing up a lot of ledgers and things."

"Sit down, young man," the creditor answered quietly, "and let me tell you something about books. I grant you that no profit is made in keeping books but you can make all kinds of profit from reading into the facts disclosed by your records, the tendencies of the business.

"To try to run a store without adequate records is like trying to cross the ocean without a compass. You are on your way but you don't know where you are headed.

"You are like hundreds of other retail merchants. You never worry about books or accounting records until you suddenly find you cannot pay all that you owe."

This conversation occurred a few years ago. Conditions are nothing like as unfortunate now as then (thanks to the income tax requirements). Yet even now the methods of retail store accounting leave much to be desired.

It is no easy matter to get "the right" accounting system to fit an individual business. Ready-made systems usually fit like ready-made clothes. If you are "standard" size all well and good, but if not, there are several sags and pinchings which are always more or less trouble.

There are some accounting systems which are splendid. They will tell a retailer every single thing he should know about his business. Unfortunately they are so complicated that the ordinary retailer cannot understand them and they cost too much in comparison with the volume of business of a small store.

A brochure issued by the Federal Trade Commission, Washington, D. C., entitled, "A system of accounts for retail merchants" is a really valuable contribution on this subject and something that every retailer can read and study with profit.

Because a retailer is a good merchandiser, it does not give him license to believe that he is an accountant. The retail merchant, as a general rule, would be wise to call in a certified public accountant and say, "I want you to install an accounting system for my business. It must be simple, understand that distinctly, Mr. Accountant, it *must be simple*—so simple that anybody can really understand it. There must be no frills to it. I won't hire a corps of clerks to keep the system going. I want Joe, my boy, to keep the books in his spare time so 'cut out all the frills'."

Then tell him what facts you want to know about the business and have him put in a system that will give you the facts you want and give you them when you want them.

Getting your system installed costs money—nothing tremendous, of course, but enough to be a consideration. It is well worth it, for with a simple, adequate accounting system you have a watch-dog for the business which "barks" when anything goes wrong. Then it's up to you to investigate the cause of the "barking."

Now let us consider the facts which your accounting system should disclose.

The first thing is, of course, the total of each day's sales.

Then that total should be divided into cash sales and charge sales. The total cash and charge sales must also be known for the month. For instance, you should know, by the tenth of the month the total cash sales for the first ten days of the month and the

total charge sales for the first ten days of the month and so on day by day. This enables you to keep close track on the relation of charge sales to cash sales. As a separate item you should know the amount of accounts paid each day. You can quickly find about what percentage of cash to expect from accounts payable by, say, the tenth of the month.

It is a good thing to observe the *tendency* in cash and charge business. If the tendency is to cash business it might be desirable to make the whole business a cash one and so save the expense of a credit department. If you notice that cash sales are dropping off it might prove on investigation that prices are too high and in consequence you are only getting the hard-up people who have no ready cash.

Daily sales should also be recorded by departments. That is, if you have departmentized your store along the lines suggested in a previous chapter.

Another very important figure for the store proprietor is the average amount of the sales in all departments.

This figure is very easy to get. Merely divide the total number of sales slips into the total of the sales and the desired figure is disclosed.

The value of this figure as a stimulator to the sales force was made apparent in the end of the chapter on "Speeding up Turnover."

Naturally, at the end of each month you should know the total sales; charge and credit, and by department. In addition to this you should know the total amount of accounts receivable, so that you can

anticipate how much should come in within the next two weeks. In considering accounts receivable, however, it is a good plan to list them in three classes, good, doubtful and bad.

You can depend on receiving all the good accounts, you can anticipate a certain percentage of the doubtful ones. The total of bad accounts written off month by month in a fiscal year helps to remind you of the importance of watching credits.

The next item to have before you is the total of cash in bank and on hand. This amount plus accounts receivable is the total of quick assets, it represents the amount of money you can anticipate irrespective of any sales yet to be made. The money is to be used for current expenses and the liquidation of accounts payable.

We must next have the total of accounts payable. The last date of payment of accounts, so as to be able to take all discounts, should of course be stated (after the manner discussed in chapter XVII).

The total of accounts payable charged in the ledger does not represent the total of our liabilities. We need the total amount, each month, of goods on order and in transit. While these goods are not yet chargeable in the ledger they are a liability that is accepted and has to be met.

At the risk of becoming tedious by repetition, we will again urge the absolute necessity of knowing exactly how much you owe, both for goods received and goods on order. The last date of payment, to secure all discounts, should also be stated. The small

retailer should use a pocket diary for this purpose. Let him enter the amount to be paid on a given date in his diary so that he knows almost as soon as he places the order when he has to meet an obligation. Notes payable should also be entered on this pocket diary. Unless the retailer anticipates his payments, he will surely find himself caught with bills due and no money to meet them. Then he has to lose his discounts which is expensive both in cash and in credit standing.

Of course, the retailer already has the totals of his sales quotas in all departments, so it's easy to notice how much more (or less) than the planned-for sales volume he has obtained. If his total sales are less than his quota he must make an *extra* sales effort for unless he maintains his sales quota his stock—which is bought in anticipation of the sales quota being obtained—will be accumulating and thus his rates of turnover will be depressed.

So much for sales comparisons.

In our eagerness to secure our sales quota we must see that we do not pay too much money to get it. The monthly expense, analyzed of course, must be studied. The percentage of expense to sales should be worked out to ascertain if it is within our estimate. The various items of expense must be compared with original expense percentage analysis for while our total expense may be no more than it should be it may not be "spread" properly.

Expenses should be departmentized so that department expense may be compared to department sales.

And finally, estimated gross profits for each department can easily be procured. By comparing these figures with the expenses in each department you can know at once which departments, if any, are "slackers."

So far as the retailer himself is concerned, he need not trouble himself unduly as to what kind of accounting system he has so long as it is *accurate* and *simple*. It is not expensive to have his accountant open the necessary books. Bookkeepers are readily procured at reasonable salaries who can keep the books up to date. The outside accountant should audit the books every year to prove that they are correct.

The retail merchant who follows this procedure will sleep at night with no worry as to "how he stands." If he goes to the bank for a loan his path is ironed out for he can present to his bank the facts it wants on which to judge the credit risk. The fact that a certified public accountant audits his books puts aside completely all question as to the accuracy of any statement presented to a bank.

When the retail merchant sits down at the end of the month with all the figures, as discussed, in front of him, *his* work begins.

His job is to read into those figures tendencies of his business. If he finds that one department has been slipping, his job is to find out why and then correct the trouble. The retailer's task should be to strengthen the weak parts of his business machine. He can afford to ignore those departments which are

progressing healthily so as to concentrate his energies on the departments that are "lame ducks." By reading his "compass" accurately he can steer his business ship away from the shoals of neglect and the rocks of bad policies and methods to the harbor of success and prosperity.

CHAPTER XXI

DEVELOPING ORGANIZED LOYALTY

It is a military axiom that a small organized force will always defeat a large disorganized mob.

In a business sense we realized that size does not count for much unless it is organized. The effectiveness of a retail store depends upon the ability and willingness of all workers of the store to coöperate in the interest of the business.

This spirit of loyalty to a store and its proprietor is the natural outcome of a real loyalty of the proprietor to his help. The retail merchant cannot hope to have willing workers unless he makes working and living conditions so happy that people *want* to work for him.

Money is not enough—you can't make a man happy by giving him a lot of money. A man might accept disagreeable working conditions for a time if the pay was big enough—but eventually he would sacrifice the big salary for a more modest one which had happy living conditions attached to it.

The first thing that the retail merchant should do for his help is to be human with them. He should take a real interest in his workers as fellow human beings and not merely as human profit-making machines.

A certain chain store organization had a very high labor turnover. No sooner did it get a man trained

than he quit for no other ostensible reason than that he was going elsewhere or that he wanted to go back to his home town.

Of course, they had to send men to various towns, wherever they were needed. The salary paid was more than the men could get for similar work in the ordinary shoe store (it was a chain shoe store), yet the labor turnover was tremendous.

It got so serious that an outside investigation was made. The result of this investigation disclosed some interesting facts. A new man would go to a town and take rooms temporarily until he could find a house. Most of the men were married so the wife, with the children, prepared to "camp out" until they found a suitable place.

Now finding a house for rent during the past few years made looking for a needle in a haystack appear a most simple task. Houses just weren't to be had. The result was that the wife hunted and hunted in vain. She would leave her cheerless rooming house and go off on a false chase, and return to the dreariness of furnished rooms more and more discouraged. The fact that they were saving some money lost its glamour very quickly. The salseman returned home —home did I say? What a farce to call a furnished room "home"—I repeat he returned home and found a discomforted despondent wife. Is it any wonder that he quit the job and went back to less money but where he could live in a home and among friends?

The company realized the situation and at once set about to correct the evil. Before a man was sent

to a town the manager of the local store was notified to start a hunt for a house. When the man arrived at the town he was met at the station by the manager and invited to his home for the night. The next day the manager and the new man together made the round of suitable rooming houses, or, if they were in luck, of apartments or houses to rent.

The man's wife was invited to the manager's home. The manager's wife visited back. Other salesmen's wives called on the new man's wife. She was made to feel that she had *friends* there, as indeed she had. Everybody worked to get the new salesman and his wife happily settled in the new town. The result was that temporary disagreeable features of getting located in a new town were forgotten in the pleasure of new friendships.

No wonder labor turnover was substantially reduced!

A large, highly successful grocery establishment, enjoying a very high reputation, has a splendid way of making new salesmen feel that they "belong."

This business has three stores but all help is hired in the central store. Before a salesman is hired he has to undergo rigid investigation. It is not easy to get work with this organization. It is an evidence of superiority to be selected for employment with the company. This fact is known generally with the result that salesmen are glad of an opportunity to work for the concern.

When a man is hired he is first introduced to the head of the company itself. The employment mana-

ger says, "Mr.—, this is Mr. — who is going to begin work for us next Monday." The usual felicitations are indulged and the new salesman goes off for a brief salesmanship training course. The man is surprised, one morning, to receive a letter at his home from the general manager saying that he is glad to welcome him into the organization. He is told something of the history of the company and a little of its policies, etc.

He is then ready for his assignment. Perhaps he is to be sent to a branch store in which case he receives a formal letter of introduction to the branch store manager. On arriving there he at once meets the manager who invites him to sit down in his office. The manager and the new salesman chat for some fifteen minutes. Then the manager may say, "I am going to assign you to the dairy counter. Mr.—, the head of the department, is a fine man. I'm sure you'll like him, I'll ask him to step in here."

The head of the dairy supplies department is 'phoned for and introduced to the new salesman. A few more minutes is spent in friendly conversation and the department head takes the salesman with him to the department. When there he is introduced to the salesmen in his department and goes to work.

Notice how skilfully the salesman has been "sold" the organization. He is "one of them" even before he has greeted his first customer. He *knows* that the company is a grand one to work for. He *begins right.*

Happy living and working conditions do not of

necessity stimulate a man to do his best. He needs an incentive to do his utmost and that incentive generally takes the form of a bonus or commission, or both.

Some merchants depend upon the P. M. to provide the necessary stimulus. Premium money *may* help to push some slow-moving stock but the morality of premium money is open to serious question.

A P. M. is not a commission. A commission is a percentage paid on *all* sales, a P. M. is a bonus paid on the sale of specified items.

When a retailer finds himself caught with a lot of unsalable mercrandise he may proceed to "slap a P. M. on it." In other words, he says to his salespeople, "Push this old stock and I'll give you twenty five cents on every one you sell."

Then, every customer interested in anything approaching that "P. M." item is urged to buy the "P. M." item. Does the "P. M." item really meet the wishes of the customer? Maybe not, but the salesman gets a quarter for selling what the boss wants sold while he gets nothing for selling what would be most satisfactory to the customer.

A "P. M." offered on an entirely new article may be satisfactory, for it encourages salespeople to sell something *extra* rather than to push something *different* to what is desired. Of course, in theory the salesman should only sell a "P.M." item when it will really suit the customer's requirements. But the theory does not consider the salesman's eagerness to grab some of those sweet little "P. M." quarters.

If merchandise is old or damaged or in any way unsalable at regular price, let the customer have the P. M. Cut the price so that the customer has the benefit of price as a reason for which she might sacrifice something in merit.

A commission on all sales encourages salesmen to push goods generally. He can drive hard for business and consider the customer's interest at the same time.

A commission plan which was successfully installed by a retail concern was on the following basis:

The concern had previously paid its salesmen \$22.50 a week salary. The average total sales for each man was \$325 a week, in round figures.

Salary was reduced to \$15.00 a week, with a bonus of 2% on all sales up to \$300 a week. If a salesman's book came to \$300 he received \$21.00 a week, or \$1.50 a week *less* than formerly.

On all sales between \$300 and \$350 a week the salesman received 3% commission. Thus if he sold the old average of \$325 a week his earnings were as follows:

Salary	\$15.00
2% on \$300.00	6.00
3% on 25.00	.75
	\$21.75

and this amount was 75 cents *less* than formerly.

On all sales between \$350 and \$400 a week the commission was 4% while on sales over \$400 a week the commission was 5%.

After this new plan had been in operation but a few weeks the average total sales for each salesman had increased to $385 a week. The salesmen's earnings were thus as follows:

Salary	$15.00
2% on $300.00	6.00
3% on 50.00	1.50
4% on 35.00	1.40
	$23.90

or $1.40 more than the old wage level.

This amount, remember, was the *average*. Some of the men ran away over the $500 a week. The men who hit the $500 a week mark received $29.00 a week and more.

Special bonuses were added to earnings as living costs climbed but these bonuses will doubtless drop as living costs descend.

This plan, effective though it is, does not adequately meet modern conditions. The success of a salesman does not depend wholly on the amount of his sales. The scarcity of returns is surely a matter for consideration, and the care and neatness of stock is also of great importance.

Another obvious omission in this plan is that it rewards ability but ignores loyalty. Surely loyalty is a quality highly to be desired and worthy of recognition with ability!

This might be taken care of by the following plan.

Take one per cent. (more would be better) of total sales and use it for bonuses in which every one work-

ing for the store shall share. True, the salesmen actually do the selling but if their work is to be effective every one must back them up.

If the floor is unswept it affects sales, so the janitor directly contributes to sales. If advertising is crudely written it will not pull business and so the salesman cannot sell as much as should have been sold. If accounts are carelessly sent out the charge customer will complain and some will take their business elsewhere so the bookkeeper can add to, or take from, sales.

Let us agree that everybody connected with the store contributes directly or indirectly to sales.

Imagine a store with a sales total for the year of $100,000. One per cent. of this is $1000, and this is the sum we have for bonuses. Imagine a total of ten people on the pay-roll, at salaries varying from $12.00 to $60.00 a week.

We will first cut our bonus money in two and then distribute one half of it as a bonus for ability and the other half as a bonus on loyalty.

Ability and usefulness to the store are estimated by the salary paid, while length of service is an indication of the employees' loyalty.

A man may make an excellent janitor yet he is not capable of more important work in the store. That man should not be penalized because he lacks education, physical skill or common sense. He is using what he has to the best of his ability and he is *loyal* —so reward his loyalty.

Carrying this bonus plan to its conclusion we would use up the $1000 something like this.

			Ability Record						Loyalty Record			
Employee	1	earns	$12.00	a	week,	and	has	worked	for	the	company	3 yrs.
"	2	"	15.00	"	"	"	"	"	"	"	"	2 "
"	3	"	16.00	"	"	"	"	"	"	"	"	6 "
"	4	"	18.00	"	"	"	"	"	"	"	"	2 "
"	5	"	20.00	"	"	"	"	"	"	"	"	14 "
"	6	"	20.00	"	"	"	"	"	"	"	"	8 "
"	7	"	25.00	"	"	"	"	"	"	"	"	3 "
"	8	"	28.00	"	"	"	"	"	"	"	"	3 "
"	9	"	36.00	"	"	"	"	"	"	"	"	5 "
"	10	"	60.00	"	"	"	"	"	"	"	"	4 "

Total pay-roll is $250.00. Total years of service is 50 yrs.

We have $500 to distribute in the form of ability bonus gauged by salary. So every dollar earned weekly earns two dollars of bonus money.

We have $500 to distribute in the form of loyalty bonus gauged by years of service. So every year's service earns ten dollars of bonus money.

Just see how justly this works out.

			Ability bonus		Loyalty bonus					
Employee	1	gets	$24.00	and	$30.00	or	a	total	of	$54.00
"	2	"	30.00	"	20.00	"	"	"	"	50.00
"	3	"	32.00	"	60.00	"	"	"	"	92.00
"	4	"	36.00	"	20.00	"	"	"	"	56.00
"	5	"	40.00	"	140.00	"	"	"	"	180.00
"	6	"	40.00	"	80.00	"	"	"	"	120.00
"	7	"	50.00	"	30.00	"	"	"	"	80.00
"	8	"	56.00	"	30.00	"	"	"	"	86.00
"	9	"	72.00	"	50.00	"	"	"	"	122.00
"	10	"	120.00	"	40.00	"	"	"	"	160.00
	Total		$500.00		$500.00					$1000.00

Every year a worker stays with the store his bonus grows for his share of the loyalty bonus increases.

Take the case of employee number five. He is an "odd man" perhaps, sweeps off the sidewalk, washes windows, delivers parcels and does all the odd work

of the store. He does his work well, takes pride in seeing that the brass name plates shine lustrously —yet as a salesman he would be a joke for he has neither the ability nor temperament for it.

He is a success in his present work and he is happy, doing *well* what is within his ability. Yet he has ambitions and they are satisfied by the loyalty bonus. Do you think any one could bribe him from his job when his years of service earn him a bonus larger than any one in the store? And don't you think that other men would think twice before leaving a job that recognizes so substantially both loyalty and ability?

Delivery boys from one store were rewarded by being given a bonus of $2.00 every week from which certain deductions are made for delinquencies.

Tardiness in reporting in the morning deducts 10 cents each offense. Any complaints from a customer of impudence or discourtesy costs the boy 25 cents. Reporting for work with a dirty face or soiled collar or dirty shoes, etc., costs 5 cents.

This plan improves punctuality, courtesy and cleanliness, three highly desirable virtues in boys.

A common plan in some stores is to give bonuses only around Christmas time. Salespeople may be paid ½% to 2% commission on sales, depending on what they are selling, from November 1 to December 24. This bonus puts salespeople on their mettle and also takes care of Christmas overtime.

Another plan is to pay a bonus on all increase over the average for the past three years. Suppose the

salesman's weekly sales averages for July in the past three years were $460, $480, and $540. These three amounts total $1480 of which one third is $493. The quota is therefore $493 and the salesman gets a bonus around half of what the sales expense percentage was for the same months of the past three years. Assuming that the selling expense was 6%, the bonus for excess business would be 3%.

A bonus or commission plan in some form or other should be adopted by every retail merchant. It satisfies the workers that effort is rewarded. Yet the bonus by itself will not build up a corps of loyal workers. The working conditions must be cheerful.

One retailer holds semi-monthly meetings with his employees at which the men can talk as freely as they wish, everything said is "privileged." They have a dinner first and then get together. The outcome of this meeting plan is closer friendship and mutual understanding and respect. Workers who first used the meetings to complain soon began to use them to give constructive ideas.

Teach your salesmen salesmanship. The education and the stimulation will do wonders for your sales. Start a store library for the benefit of all workers. Subscribe to all your trade journals, mark any pertinent articles contained therein, and then circulate it amongst the help. Ask traveling salesmen to talk to the help. If a prominent speaker on business visits your town take the force with you. Observe that work "take"—don't try to *send* them. If you don't go you cannot expect your help to go.

The attitude of the boss should be one of "come on" rather than "go on."

Encourage your salesmen and others to realize that the success of a store depends on both collective and individual effort. Put up a sign after this style:

If every worker were just like me
What kind of a store would this one be?

And while you are about it, you might as well ask yourself that question. Help is far from perfect I know, yet I have still to find the proprietor who is a candidate for a fiery chariot driven by an angel chauffeur on the direct route to the Celestial regions.

CHAPTER XXII

EQUIPMENT

"To put in or not to put in; that's the question! Is it better to keep that old carrier system and endure the present inconveniences or put in that new carrier system and perhaps find little advantage and an extra expense charge to carry, of which we wot not?"

After some such fashion, Hamlet would have soliloquized had he been a retail merchant instead of a Prince of Denmark.

Whether or not a retailer should add to his equipment must be for him to decide. Obviously, no hard and fast rules can be laid down on this matter.

One principle may, however, act as a guide in this matter. Here it is:

As the percentage of investment in equipment to investment in merchandise increases, the net profit on sales must increase to maintain a standard return on the whole of the business' capital.

If you don't grasp that instantly, blame it on me but read it again and again until its meaning is absorbed. . . . .
. . . . (These dots represent time allowed for grasping the principle just stated).

Let us imagine that we have decided to put in a new conveyance system, the total cost of which is

$10,000. Its normal life will be ten years at a rough estimate.

Let us admit that the business has $40,000 capital, $30,000 in merchandise and $10,000 in fixtures. We will also accept the surmises of a four time turnover $33\frac{1}{3}\%$ gross profit (which is 50% on cost) and 25% expenses.

Before installing the new conveyance system, the following represents the situation.

4 time turnover of $30,000	=	$120,000
plus $33\frac{1}{3}$ gross profit (which is 50% on cost)	=	60,000
Total sales		$180,000
25% expenses	=	45,000
Net profit	=	$15,000

This shows that on our $40,000 capital we earn 37.5% a year.

Now we will borrow $10,000 at 6% and spend it on the conveyance system.

As this conveyance system is good for ten years we must depreciate it at the rate of $1000 a year. We must find $600 for interest, while $150 is a fair estimate for repairs and renewels on the system. In a word, we must make $1750 a year extra profit to take care of this added equipment. We are not considering yet whether or not the system is worth that in what it will save in time and efficiency, we are interested at present only in what its installation will involve us.

To maintain the same percentage of interest on the

capital of \$40,000, we must make an extra \$1750 on the same amount of merchandise capital, i. e. \$30,000.

If sales remained the same it would be necessary either to add $4\frac{1}{3}\%$ to the sale price or reduce expenses a similar amount, both of which are practically impossible in a well conducted store.

The only real solution is to increase the rate of turnover, so that an extra \$22,000 worth of business is done. In deciding on the advisability of putting in this much discussed conveyance system, the real question to ask is, "Will it be the big factor in increasing sales \$22,000 a year, or in reducing expenses so much and increasing sales so much, that the result would be the same?"

The example given is, of course, an exaggerated case, yet the exaggeration is justified if the principle is thereby made clear.

It is, of course, highly desirable that all *really* helpful store equipment should be installed, but it is so easy to spend money on fancy fittings, and elaborate trivialities that extreme caution should be used in deciding on the advisability of new equipment of any kind.

A merchant will sometimes install new fixtures and properly depreciate them on his books every year. Yet when it is desirable to replace fixtures, which might be absolutely wiped off the books, he has no spare cash for the purpose.

Why not create a sinking fund into which shall be deposited the amount of depreciation year by year.

Cash will then always be available for new equipment, and the business actually pays the depreciation instead of letting it be represented by increased inventory which would probably consist of poor "buys." It is so easy to let "profits" be represented by increased inventory that every precaution should be taken against its happening.

At the risk of boresome repetition, let it again be emphasized that merchandise is *not* profit, it represents potential profit or potential loss.

If you have a series of shelves built in your store, you should depreciate heavily the first year. The very second that the last nail is driven into those fixtures they are worth less than 10% of the price you still have to pay for them.

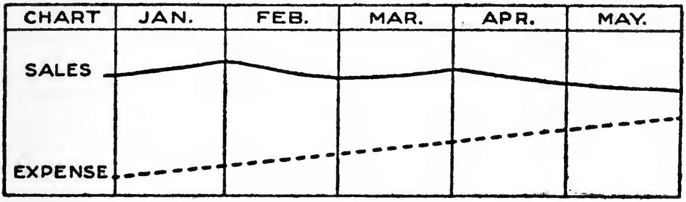
To you, they are worth all you pay for them, but to another tenant of that store they would probably be in the way. The only real value of those fixtures is what they are worth *torn down.* This means that as quick assets they are merely worth the price of the lumber as second-hand material.

True, you intend to be in your store for "umpty" years, yet in the event of your sudden death—and people still die—the store may be closed and your fixture "assets" turned into junk. This may seem ultra cautious, yet after all it is a good plan to hope for the best but guard against the worst. Keep your assets as near *real* as possible.

Some valuable equipment is extremely cheap, especially graphs. A graph is only a piece of paper or cardboard on which is presented in graphic form

the tendencies of various activities of the business. Much of the data which we asked the certified public accountant to see that we had, could be graphed to good advantage.

A valuable graph is one showing total sales and total expenses. Never mind figures at all; suppose you saw two lines running like this:



Would you need an accountant to tell you that something was radically wrong with the business? The answer is a loud, emphatic NO!

A graph visualizes progress and tendencies and as such tells at a glance in which direction the business ship is going and at what rate of speed. Of course the actual figures tell you the exact story but they are not so vivid nor so easy to read as a graph.

You can use graphs for total sales, department sales, analyzed expenses, anything you want to know at a glance can be graphed. Such graphs hung over the retail merchant's desk or under that beautiful plate of glass on his desk will keep him in closer touch with the moving panorama of his business than will a study of the books.

We can divide the store equipment into two parts:

1. Outside equipment.
2. Inside equipment.

Outside equipment consists of the store front, the windows, name plates and signs, the sidewalk, exterior lighting, entrance, delivery wagons and teams, etc.

Inside equipment consists of wall fixtures, display cases, carrier systems, cash registers, measuring and weighing machinery, sales equipment (shears, rules, etc), heating and ventilating apparatus, elevators, receiving room apparatus, etc.

In all cases let cleanliness be a watchword. All outside paints should be wiped frequently. A smart well-trimmed window is spoiled if the outside frame is spattered and grimy.

Don't have ash barrels or other obstructions on the sidewalk. When it snows, the retailer has a good opportunity to create a splendid impression on passers-by. Keep the sidewalks free of snow and ice. The more your neighbors neglect them, the better your store will appear by contrast.

Do not let paint get shabby. There is a small kitchen hardware store which is innocently perpetrating a joke. On a weather-beaten board, absolutely bare of paint in spots, is a sign, hardly decipherable, reading, "Keep your home looking smart by using —Paint!"

Keep the store bright. Human beings seem to have a little of the moth in their make-up. They are attracted to bright lights. Look along any small

town or suburban street some evening. You can generally pick out the successful stores by the brightness of them. How we prefer to go into a store that radiates light and cleanliness, how depressed we feel when we have to go into a store where lights merely make darkness visible.

And there is another important reason for keeping the store and its equipment in trig ship-shape condition. Its effect on employees is remarkable. Put a salesman in a decrepit, dusty, drab store and he becomes an apathetic automatic apology for a salesman. Put the same salesman in a bright, orderly, cheery store and he becomes alert, aggressive and ambitious.

It's astonishing how we react to our environments. Make the equipment and fittings of your store represent progressiveness and all your salespeople will feel progressive—especially when they have an illustration of purposeful "pep" portrayed by the proprietor.

CHAPTER XXIII

WHAT IS A PROPRIETOR'S PROFIT?

Two retail merchants were "talking things over" at a trade convention. Said A, "Well, in spite of the unsettled state of things, I did quite well last year." To this B replied, "I had a poor year altogether. Had to take a fearful mark-down at inventory. Pretty nigh wiped away every nickel of profit."

"I think," A said thoughtfully, "that prices will advance again. For that reason, I only made a moderate mark-down. What's the use of making things worse than they really are?"

"Perhaps you are right," B conceded, "but for myself, I prefer to face rock-bottom conditions. If things pick up it merely makes a bigger year this year. I only showed four thousand profit, but I'm sure I had it."

"I think you made a mistake in underestimating your business so much. Hurts you with the bank and with creditors, you know. I made fifteen thousand. The best year I ever had—and sales this year are ahead of last year, so far."

Shortly after that conversation, A felt it imperative for family as well as business reasons to move down South. He therefore made plans to sell his store and among other people who were interested in buying it

was B. He remembered the fifteen thousand profit, and a store netting that looked good to him.

After some discussion, a tentative price was agreed upon subject to re-inventory and a verification of the records by a certified public accountant.

The result was as disconcerting to A as it was startling to B. Without quoting the accountant's report in full, the following outlines the condition:

"While the records of Mr. A for the last year's business showed a net profit of $15,000, we find that several serious errors completely change the financial status of the store.

"In the first place, a re-inventory by the mutual agreement upon values reduces the merchandise inventory by $3400.

"On analyzing the books, we find that Mr. A who owns the store building has never charged the business any rent for it. Comparing the store with others similarly located, we estimated the rental of the store to be worth $5000 a year.

"Mr. A has a capital investment of $40,000 in his business but he has omitted to charge the business with interest on this investment. Placing this at 6%, we have a charge of $2400.

"Finally, Mr. A never paid himself any salary as manager of his store. He informs us that he would have to pay at least $4000 for a capable man. On this assumption, we have considered that amount as a legitimate charge against the profits of the business.

"We regret therefore to have to make the following disappointing summary.

Profits as Estimated for Year Ending------		$15,000.00
LESS		
Merchandise Depreciation	$3,400.00	
Rent	5,000.00	
Interest on Investment	2,400.00	
Management Salary	4,000.00	14,800.00
NET PROFIT		$200.00

On the face of this report, B withdrew his offer but submitted another based on net inventory value. A was highly indignant and requested rather peremptorily a meeting of B, the accountant, and himself.

This was arranged and as soon as they were seated, A said, "The report of our friend, the accountant, is preposterous and such as to seriously injure my business. I want him to state his reasons for such figures so that I may explain them away."

"That is a fair request on your part, Mr. A," the accountant agreed, "and I'll take up the items one by one." B said nothing—he made himself an interested audience of one.

"That merchandise depreciation item," the accountant began, "is, of course, beyond my jurisdiction. Your own valuer is responsible for that."

"There is no reason for such a heavy depreciation. The market is unduly depressed and will soon strengthen and prices will rise," A interrupted.

"Are you sure?" the accountant queried.

"Of course, I'm not *absolutely* sure, you can't be positive of anything in the future—except death and the income tax. But, I think it is a reasonable supposition that prices will rise."

"But," the accountant interrupted, "suppose the goods are sold before the rise in price. You are selling on a narrower margin than usual for you are *meeting* depressed retail price, while at the same time you inventoried at the soon-to-come-perhaps-higher-cost-price. To sell the merchandise now is to sell at a loss. To carry it in stock is to tie up capital and risk damage with its consequent depreciation. And even then the price *may* not rise."

A was nonplussed. He could think of no possible answer to such a formidable argument, so he did the only thing he could do. "Oh well," was his answer, "rather than split hairs over it, I'll concede that point, but that does not make any vital difference."

"Now that next item," the accountant went on calmly, "is $5000 for rent. Is that a fair estimate of the rental value of the store?"

"But the store isn't for rent. I own the store building. It goes with the business. If Mr. B buys the business he also buys the building."

"Yet you keep your business investment separate from your investment in the building, don't you?"

"Yes, of course, but what's the sense of charging a business with an expense it does not incur?" A felt he had scored a point here.

"I suppose," the accountant replied, "that you could sell the business, or the store by itself, couldn't you?"

"Surely."

"Your present books do not list the building in the assets of the business."

"Of course not," A snapped, "I own the whole lot. I own the building and the business. I keep them separate on my records but to all intents, they are one and the same thing."

"There's one thing I cannot concede, Mr. A," the accountant smiled as he spoke. "*You* are not the business. The business is an entity as separate from you as from any other man. Surely you have rented to your business your own building; you have hired yourself out to your business; you have loaned money to your business. But, you and the business are separate and must be considered so. If you are the business, you must go with the business as part of its assets."

"Yes—er—er. I—don't quite follow you." A was really thinking by now.

"Suppose you rented that store to some one else. Would you charge the rent to the business or to yourself personally?"

"To the business, of course."

"Very well. Now, suppose you owned a building in another state. Would you credit the store with the rent?"

"You bet not." A was emphatic. "The business would have no right to the rent. It would belong to me. I—er—hm! Bless me, I believe you are right. I've always considered me the business, and the business me. Yes, you are right. I agree that the rent item, $5000, is a just one."

"Suppose, Mr. A," the accountant began methodically taking up the next point in dispute, "you

invested some money in a business. Would you expect any interest from it?"

"Yes," A spoke hesitatingly, evidently fearing a trap.

"But suppose," the accountant continued, "that you did not work for the business in which you invested your money. Would you still expect an interest on your investment?"

"Certainly."

"If you borrowed money for use in the business, you would expect to pay interest also, I know. Now, Mr. A, you must agree that a business cannot be said to make a profit until it has paid a fair rate of interest on its borrowed capital. Your business cannot claim a profit until you have received a return from your capital investment.

There was silence for a few moments. Then A said, "And with regard to a managing salary. I suppose I must admit that as well. Yet I cannot help feeling that there is something wrong somewhere.

"That salary item hits me," B spoke for the first time. "I've always considered any money taken out as a drawing account against profits."

"You are not the only one by hundreds," the accountant answered. "But let me give Mr. A an illustration which will, I am sure, remove all lingering doubts as to the correctness of my report.

"Just consider that your store is running as at present, but is not owned by yourself. You invest money in the store and receive interest, as you understand, without doing any work at all. You rent the

building and get rental. Again you do not work. You then get a job with the owner of the business and he pays you a salary to act as manager. Is it not obvious that the business has made no profit until you have received your rent, interest and salary?"

"You are right, Mr. Accountant, and I think I owe you an apology for being so disagreeable. You have certainly taught me something." A offered his hand to the accountant who took it warmly.

There's the story. It tells of a common condition in one or more particulars. It tells of the fallacy of mixing up the owner of a business with the business itself. They are distinct and should be kept distinct. Only by so doing can a true condition of a business be estimated.

There is no need to elaborate on this matter. The episode is sufficient to clearly illustrate the principle of the difference between the store and its owner. Let us leave it at that.

CHAPTER XXIV

SERVICE

When we get right down to hard pan, we have to admit that there is an equality in the price and merit of competing lines.

So far as the article itself is concerned, we get just about what we pay for. If one man buys a pair of shoes for $6.00 and another man buys a pair of shoes for $12.00, the second man gets about twice as much value in his shoes as does the first man.

If two manufacturers put out competing lines of breakfast food, they may offer different packages and the food may be prepared differently, but so far as value and quality are concerned, you get about the same in both cases for your 15 cents or 20 cents.

Of course every manufacturer will agree that this is so as a general rule but in his particular case there really *is* added merit, etc. Preferring a peaceful life, I'll agree to this (although reserving my own opinion).

If two retail book stores offer the same book for sale, the price and the book are identical, yet one store builds up a business while the other just struggles along.

Two talking-machine stores sell the identical machines and records at identical prices—yet one gets the business while the other gets bumped.

The reason for this difference is explained by one word—SERVICE.

Service is often an intangible something that makes customers feel glad to trade in one store in preference to another. It may also be expressed in tangible form.

Department stores usually excel in tangible service. Rest rooms, waiting rooms, hospital service, elevator and escalator facilities, charge accounts, free deliveries, professional shoppers, free theater ticket service, free lectures, check room facilities and such like conveniences.

The desirability of so much service which adds to the overhead may be debatable. However, there is no question that these "plus-facilities" attract people who ultimately become purchasers.

The unit store—the small retail merchant for whom this book is written—cannot begin to compete with the large department stores on tangible service. Indeed, there is no reason for his doing so. Under normal circumstances, the small retailer can compete easily in delivery service and in credit facilities and they are the two principal forms of tangible service.

When it comes to intangible service, the small retail merchant has all the advantage. His sales people usually know the goods they sell better than the sales persons in the department stores do. The small store salesman handles one class of merchandise and so can specialize. The small store employs salesmen as a rule while the department store depends more on salesgirls.

When a retail salesman gets married, he becomes a more stable and permanent worker. When a retail salesgirl gets married, she quits the store for the stove. It is obvious, therefore, that so long as there is marrying, the small retail merchant can and should have salesmen who are of more service in advising on merchandise than the small army of salespersons—principally more or less inefficient young girls who hope (thank goodness) to become chefs and comforters to desirable young men—but who are marking time in the large department stores.

Courtesy and cheerfulness cost not a penny—yet they represent a service that gives a personality to the store.

This merely expresses service in a vague general way. Let us transcribe it into the concrete.

One form of service that is, happily, going to the death it deserves is the trading stamp. The pull of the trading stamp is "something for nothing." To say that they are given for cash business is dodging the issue for "charge" customers can also get trading stamps. The plea that the store offering trading stamps has an advantage over its competitors does not stand analysis. Everybody can give trading stamps, so that there is no advantage of exclusiveness.

The use of trading stamps must either add to the sale price of the goods or cut the heart out of the profits especially when an orgy of competitive stamp giving is indulged in. Think for a moment. What a poor kind of a store it must be that has to depend on a cheap bribe to get trade. If your goods, prices, and

service are right, the trading stamp is a plain nuisance. If a store's goods are inferior and prices high, trading stamps will not be accepted by the public as an equivalent. Trading stamps are barnacles on the retail ship. Away with them!

Service may be defined as the expenditure of effort in the interest of others. The ability of the retail store salesman to render service to its customers depends on three factors.

1 A well equipped store
2 Knowledge of his business
3 General and local knowledge

In the first factor, we can include:

1 A city directory for the use of customers
2 A telephone, pay station. This should be located in the rear of the store, for people must then pass through the store to reach the telephone and thus they become acquainted with the merchandise sold.
3 Postage stamps for sale
4 Single sheets of paper and envelopes, and postal cards so that the customers may write an "emergency" letter or postal card in the store. These of course should be charged for unless this be made an advertising expense. In this latter case, the paper and postals should have a printed heading something like this:

   WRITTEN HASTILY IN ——'S DRY GOODS STORE
5 Pens, ink and blotters for the use of customers. And see that the pen point is renewed daily and that the ink is not a mixture of mud and fluff.
6 Delivery of customers' own parcels with their purchases from the store. But, do not undertake to deliver someone else's piano with the spool of cotton bought from you.

7 Receiving telephone messages to be delivered to customers who " will be calling later in the day."
8 The usual delivery and credit services (if you use either).

When you render service along these lines, render it cheerfully. To be grumpy while rendering service is stupid, for the customer remembers the grumpiness but forgets the service.

Now for the second factor.

A lady visited an electric equipment store and asked to see some electric washing machines. After a demonstration she decided upon a machine. The salesman then said, "Where do you live, madam?" On learning the address, he went on, "This machine is all right then. It is fixed for direct current such as you have in your house." The customer was surprised to know of direct and alternating current and appreciated the service of the salesman in seeing that she got the right kind of motor with her washing machine.

Suppose a man went to a builders' hardware store and asked for some roofing material. If the salesman did not know the local requirements on roofing, he would be negligent in his duty to the customer.

These two examples indicate the kind of service we may include in this second factor of service.

The salesman *must* know the service his goods will render. He *must* be able to show the customer how to get the most satisfaction from what she buys. He should be able to tell the customer how to care for her purchases.

A coal merchant built a big business because he sold service with his coal. When a customer ordered a few tons of coal, he said, "Will you allow one of my men to look at your furnace? By knowing the make of it, and the condition it is in, I can tell you what kind of coal will be best for you."

Seldom would a customer refuse such an offer. The result was that the coal merchant not only sold the kind of coal that best suited the furnace but often made valuable suggestions as to changes and alterations in heating equipment.

The druggist must of course possess a good working knowledge of Pharmacy and Pharmaceutical Chemistry and have at least a fairly comprehensive knowledge of Physiology, Therapeutics and Toxicology.

He should be able to give practical answers to questions about hog cholera, sheep and cattle diseases, the boll weevil and everything of this character.

A retail grocer built a large patronage through giving interesting and novel recipes to housewives, the ingredients for which he sold, of course. If a customer was giving a party she would go to the grocer and ask him to suggest something suitable for the occasion. He was always ready to advise her—and to sell her the necessary supplies.

A hardware salesman built up a splendid trade in fishing tackle because he always knew when and where the fish were biting. Not only that, he knew what camps or hotels were near the lakes or streams and he knew their rates and conveniences. He kept a supply of time tables on hand so that he could help a customer to map out a trip.

Such service cost nothing but a little thought and time—but how such service will coax the dollars from the appreciative public.

The third factor embraces general and local knowledge.

The service embraced in this division requires continual reading and thinking. The average customer appreciates the salesman who can comment intelligently on the happenings of the day. Such a salesman gains the confidence of the customer and confidence makes easy the happy culmination of selling effort.

Here are some things which the salesman should know and which help him to render service.

1 The way to all parts of the town
2 The distance to near by cities
3 What time the trains go and what the fare is. This applies to small towns.
4 What entertainments are "on" in the town
5 Where the nearest hunting, fishing, etc. may be enjoyed
6 What are the latest election returns?
7 How many Congressional districts there are in the state
8 Who is the Representative from the district in which the store is located?
9 Who won the ball game
10 What the weather is going to be tomorrow!
11 Parcel post rates to nearby towns
12 What can be grown in that district
13 Where is a good place to dine in town?
14 Which are the best hotels in town?
15 Where is a good garage?
16 What are the principal places of interest in town

This list is sufficient to indicate the kind of knowledge which helps a salesman to render service to the casual visitor in town as well as to the old inhabitants. This list can be extended at will.

That personal willing service which is a plus to the goods is the essence of sales success. The retail merchant would do well to adopt the motto of Rotary—"He profits most who serves best."

CHAPTER XXV

"MISCELLANEOUS"

When you make out any kind of an analysis, you generally have one item called "Miscellaneous" into which you dump all the odds and ends that cannot properly be placed under some definite heading. It is the receptacle for all the scraps and tid-bits which are left over. It is the "etc" which is added to a list of articles, or purposes and means "anything else you can think of."

This chapter is called "Miscellaneous" because it contains a few thoughts which could not easily be placed in other chapters, yet which have some value, let us hope, to the retail merchant.

Certain hours every day in most stores are slack. The problem of spreading sales equally through the day has perplexed retail merchants for years and years. It is doubtful if there is any permanent plan which will do this but it is possible to stimulate temporarily the sales in certain dull hours.

This can be done by two plans. The first is to run hourly sales. From two to three, let us say, we run a special sale of corsets that only holds good for that hour. From three to four, we do the same thing with the line of camisoles.

The other plan is to offer style goods during certain slack hours. To do this invitations must be

mailed to prospective customers telling them that "From — to —, for the next ten days a special display of advance season dresses will be displayed. Invitation is by ticket which must be shown. The show will only be for the hours mentioned and at other times it will be closed so as not to interfere with the comforts of our regular customers. After this advance display, the goods will be put into regular stock."

The apparent solution is the slow and tedious one of educating the customers to come during the quiet hours. If every customer interested in any large unit item were told that she should plan to examine it when the store is quiet, the change in shopping habits would gradually take place.

If all store advertisements carried the line, "Buy your dresses in the quiet hours of the day (2 to 4 or whatever they are) when salespeople can give more time to your requirements," women would act on the suggestion.

Imagination is the magic wand that touches the mind and creates a new idea, or gives a new twist to an old idea. A retail dry goods store changed hands some time ago. The new owners found a tremendous lot of odds and ends which, while good merchandise, was not regular stock. (It was classed in the final inventory as "Miscellaneous Merchandise.") How to get rid of it quickly and at some sort of a profit was the problem.

The plan was finally conceived to have a "Mystery Sale." The merchandise was wrapped into parcels

with little regard to the contents except to see that it was varied and worth more than the price to be asked for it. Then these parcels were piled, higgledy piggledy, on a counter and a big sign hung over them which read.

THE MYSTERY!
25¢ will solve it.
What is in these parcels?
Try your luck for a quarter.
Pick out any parcel you like.
We won't say what is in it, but we
promise that it cost twice the price asked.
No parcel exchanged
You pay your quarter and take your chance

And customers paid their quarters and took their chances until there were no more chances to take.

A high class grocer made a specialty of selling Malaga raisins every Christmas time. These fine raisins were imported from Spain and came in one pound cornucopias. The cornucopia was very attractive, for it was gay with tinsel, ribbons and colored paper.

One year, the shipment arrived two weeks before Christmas day instead of by November 1 the date on which it should have been received. It took two precious days to get the raisins to the store and then the manager was faced with the problem of selling in ten business days what usually required two months to sell.

These fancy raisins are good sellers *before* Christmas but are almost dead stock the day after Christmas.

Some plan had to be devised to so increase the sales so that as few raisins as possible would have to be marked down after Christmas. The regular price of these raisins was 75 cents a pound. It was suggested that they be put out at 65 cents a pound. To this the manager objected, wisely. Said he, "Before Christmas, we can sell them for 75 cents just as easily as 65 cents. Let us sell all we can at the regular price so as to help out on any loss we may have to take later."

The manager then said, "We must sell more raisins to every customer." How, he did not know, but all that night he thought over the problem. Next morning, he went to the store with the solution.

"Christmas time is the time for dinner parties and entertainments. It is common to have favors at guests' places at dinner, sometimes it is flowers, more often candy—why not make it raisins?" This was the manager's idea.

Salesmen were instructed to say to each customer, "Mrs. —— you are giving a party, I suppose, this Christmas time?" The answer was invariably, "Yes," for the store catered to the highest class trade. The salesman then replied. "Here is something new in the way of favors. Why not place a cornucopia of Malaga raisins at every guest's plate?" Observe, he did not say a *pound* of raisins, that would be crude, but a cornucopia. Ah! that's different.

The idea was new, it so appealed to the customer with the result that where one or two pounds of raisins had been sold in former years, the store sold six to twelve pounds of them.

And the two months' supply was cleared out in the ten days.

To keep salesmen up to concert pitch, one store proprietor has a weekly "drive." Some article is picked out by the salesmen themselves. It is studied carefully by all of them. What to say about it is skilfully thought out. How to introduce it is decided upon. In fact, the salespeople *really* learn one article every week.

Then a daily tally is kept of the sales of that article. At the end of the week, a small prize is awarded to the salesman with the most sales of the week's "special" to his credit.

Naturally, the article chosen was one that did not enjoy a regular sale. "Stickers" became favorites for the weekly drive. Any retailer can adopt this idea to his own store with profit.

"I have a competitor who is simply cutting the heart out of my profits," a retailer was complaining to a friend who was a traveling salesman. "When I make a special show of anything, he immediately marks down the price in his store. Of course, I have to meet his cut, but it's proving very, very serious for me."

"What are you doing to hit back at him?" the traveling man asked.

"Nothing. I won't fight him except to meet his prices."

"I'll tell you how to bring him to reason in quick time—if you've the courage to do it," the traveling salesman smiled as he spoke, for he knew what would be the effect of his remarks on his customer.

"Courage!—You tell me how to stop this fiendish price cutting without having to kill myself to do it. I'll show you whether or not I've the courage. Why —I'd—I'd—well, what is the idea?" The retailer regained his composure.

"Simply this. The next time he cuts one of your special lines, or something you happen to be showing, you remove your price tickets on that line and keep up the price. Don't attempt to meet his price on that line. *But*, make a display of some long profit seller on which he specializes but which is not a big seller with you, and cut *that*. Advertise it in your windows as the *new* price—not the *cut* price, you see, but the *new* price. When he cuts your prices on an article, you cut his price on something of which he sells a lot, even if you have to buy it specially. I remember a grocer offering a line of enamelware, and the hardware man came back at the grocer by putting in a line of popular jams which he offered for *cost*. I tell you, that grocer squealed double-quick time.

"You try out this idea and let your competitor know that you intend to cut the price on one of his big sellers every time he cuts into your prices."

Any reader who has a condition such as this facing him can try out this simple plan with a strong hope of winning hands down.

A restaurant gained quite a patronage because it had two special menus. One was headed "Eat and grow fat," while the other contained the caption "Eat and grow thin." The first menu contained a list of seasonable, fat making foods, while the second one was a list of flesh reducing items.

A fancy goods shop had a popular needle work contest open only to school girls. Each had to submit some needle work of her own production. The material had to be bought from the store at which time the girl registered as a contestant. There were numbers of prizes, in fact, every girl got some trifling memento. The best work was displayed in the window, which naturally pleased the parents of the winners.

Any kind of contest is good, especially if it is for the youngsters. They will enter contests with an enthusiasm and vim that older people lack. Also, they talk about it to the "grown-ups"—all of which is splendid advertising.

A druggist built up a big soda fountain trade on account of his skill in choosing timely and clever names for sodas and sundaes. On one occasion, the home team won a glorious victory of 8 to 0 over the baseball team of a neighboring town. This annual fight between the two teams was epic. Feeling always ran high.

The victory was, therefore, not merely a win of the ball team, but a demonstration of the town's superiority over its rival.

The druggist had an "8—0 Sundae" on sale ten minutes after the game was over. It was an ordinary ice cream with a circle of chocolate fudge. On the cream was stuck a tiny pennant with the ball team's name on one side and "8—0" on the other side.

Everybody had an "8—0 Sundae." It was not the ice cream they bought, but the druggist's *imagination.*

To the retail merchant the following is a good horse sense suggestion.

Let your imagination run wild. Think out a new way of saying and doing something. Then have the courage to go ahead with the new idea. Don't follow other people, but strike out a trail of your own. Many good ideas are smothered to death because of the fear of doing something so different that it will attract attention.

The merchant who is afraid of the unusual is like the visitor to New York who thought the illuminated advertising signs on Broadway "quite interesting—but rather conspicuous, don't you think?"

A merchant had a store in a location just "off" the shopping center. He conceived the idea of making his section the shopping center. If only he could get two or three of the other merchants to move, he could force the people to shop in his district.

It was a tedious and vexatious task, but he did eventually get five retailers to open stores all in a row next to him. They all secured very low rentals on long leases. Yet, after a year, the trade had so swung into the new street that late comers faced a much higher rent.

People go where the shops are. A lone store will not do much business. Open another store next door to it and business will at once pick up, especially if they are bright both day and night.

Two stores in the same business located next door to each other will help rather than hinder business, especially if they both "play the game."

A unit 5 cent and 10 cent store proprietor said, "For years I did a good business. Then a 5 cent and 10 cent chain store opened next door to me! I thought it surely spelled failure for me, but of course I kept plugging along as well as I could. The chain store thrived and, to my surprise, my business increased also!

Running a store is a wonderfully fascinating business. It is so intensely human that it naturally attracts people.

Unfortunately, too many people have no idea of the problems of store management and in consequence they go on the rocks—and lose what little they had as well as causing losses to wholesalers and manufacturers.

This economic loss could be reduced to insignificant proportions if every one who wanted to open a store had to pass a state examination to show that he understood the fundamentals of running a store. No examination will prove that a man is hard working, or is honest, but it would show whether or not he understood what he would be "up against."

We require doctors to pass examinations before practising; we insist on lawyers passing an examination before admittance to the bar; dentists must give evidence of proficency, and so on. Why not require the would-be retail merchant to pass an examination so as to reduce as far as possible the risk of his business becoming an economic loss to the community.

The retail merchant represents the best in our com-

munities. Let us raise the standard and the dignity of the retail merchant by increasing his knowledge of business in general and retailing in particular.

The *best* men are none too good to be retail merchants. Let us not be satisfied, however, with the present status of the retailer. Let him so develop his mind and morals that the retail merchant will be the example in his community of what a business man should be.

And Now To Work.